

minutes

Strategic Financial Management Committee

MEETING HELD ON **TUESDAY 14 JULY 2015**

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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 TUESDAY 14 JULY 2015.

ATTENDANCE

Committee Members

Cr Geoff Amphlett, JP *Presiding Member*
Cr Brian Corr
Cr Russ Fishwick, JP *from 5.55pm*
Cr Christine Hamilton-Prime
Cr Tom McLean, JP
Cr Sam Thomas *Deputy Presiding Member*

Observer

Cr John Chester *to 6.28pm*

Officers

Mr Garry Hunt	Chief Executive Officer	
Mr Mike Tidy	Director Corporate Services	
Mr Brad Sillence	Manager Governance	
Mr Blignault Olivier	Manager City Projects	
Mr Alan Ellingham	Senior Financial Analyst	<i>to 6.22pm</i>
Mr John Byrne	Governance Coordinator	<i>to 6.20pm</i>
Mrs Gwen Boswell	Senior Projects Officer	
Mrs Lesley Taylor	Governance Officer	

DECLARATION OF OPENING

The Presiding Member declared the meeting open at 5.46pm.

DECLARATIONS OF INTEREST

Nil.

APOLOGIES/LEAVE OF ABSENCE

Apology

Mayor Troy Pickard.

Leave of Absence previously approved

Cr Geoff Amphlett, JP	15 July to 20 July 2015 inclusive;
Cr Liam Gobbert	24 July to 29 July 2015 inclusive;
Cr Mike Norman	22 July to 9 August 2015 inclusive.

CONFIRMATION OF MINUTES

MINUTES OF THE STRATEGIC FINANCIAL MANAGEMENT COMMITTEE HELD 3 MARCH 2015

MOVED Cr McLean, SECONDED Cr Hamilton-Prime that the minutes of the meeting of the Strategic Financial Management Committee held on 3 March 2015 be confirmed as a true and correct record.

The Motion was Put and

CARRIED (5/0)

In favour of the Motion: Crs Amphlett, Corr, Hamilton-Prime, McLean and Thomas.

ANNOUNCEMENTS BY THE PRESIDING MEMBER WITHOUT DISCUSSION

Nil.

IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

In accordance with Clause 5.2 of the *City's Meeting Procedures Local Law 2013*, this meeting was not open to the public.

PETITIONS AND DEPUTATIONS

Nil.

REPORTS

ITEM 1 IMPACT ON 20 YEAR STRATEGIC FINANCIAL PLAN OF REPORTS TO COUNCIL – JANUARY 2015 TO JUNE 2015

WARD	All
RESPONSIBLE DIRECTOR	Mr Mike Tidy Corporate Services
FILE NUMBER	104470, 101515
ATTACHMENTS	Attachment 1 <i>Impact on 20 Year Strategic Financial Plan of Reports to Council – June 2014 to June 2015</i>
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 to note the impacts on the adopted *20 Year Strategic Financial Plan* (SFP) of reports approved by Council for the period January 2015 to June 2015.

EXECUTIVE SUMMARY

A new quarterly report was introduced in October 2014, as part of the Chief Executive Officer's (CEO) Key Performance Indicators. This report is the third quarterly report. The intention is to provide progressive updates between annual reviews of the SFP by summarising the impacts on the adopted SFP of reports presented to Council.

This report covers Quarter 3 (January 2015 to March 2015) and Quarter 4 (April 2015 to June 2015). The report will also summarise the combined impacts from June 2014 to June 2015.

So that the report focuses on those decisions that are capable of having an impact of some significance, a minimum threshold of an impact of \$50,000 has been applied. There are two reports in Quarter 3 that have an estimated benefit of \$2.3 million. There are four reports in Quarter 4 that have an estimated benefit of \$1.7 million. The net cumulative effect of decisions in the 2014-15 financial year is a total improvement in cash of \$62.4 million up to 2032-33.

It is therefore recommended that the Strategic Financial Management Committee NOTES the:

- 1 *estimated benefit of \$2.3 million on the 20 Year Strategic Financial Plan of reports approved by Council January 2015 to March 2015;*
- 2 *estimated benefit of \$1.7 million on the 20 Year Strategic Financial Plan of reports approved by Council April 2015 to June 2015;*
- 3 *net cumulative effect of decisions in the 2014-15 financial year of a total improvement in cash of \$62.4 million up to 2032-33.*

BACKGROUND

A new quarterly report was introduced in October 2014, as part of the Chief Executive Officer's (CEO) Key Performance Indicators. This report is the third quarterly report. The intention is to provide progressive updates between annual reviews of the SFP by summarising the impacts on the adopted SFP of reports to Council.

The previous report covered June to December 2014. This report covers Quarter 3 (January 2015 to March 2015) and Quarter 4 (April 2015 to June 2015). The report will also summarise the combined impacts from June 2014 to June 2015.

DETAILS

The SFP is a long-term planning tool, and evaluating impacts which are minor is of little relevance, therefore a minimum threshold has been applied where an impact of less than \$50,000 is not reported. The threshold of \$50,000 results in many of the reports being outside the scope of this analysis, as they have a relatively small amount (for example planning fees) or have no financial impact at all. Consequently, most of the reports presented to Council have no impact on the SFP.

There were six reports between January 2015 to June 2015, that had impacts, and these are listed in Attachment 1. With regard to the tables, please note:

- Quarter 3 (January 2015 to March 2015) is shown in a separate table to Quarter 4 (April 2015 to June 2015).
- The impacts have been categorised into:
 - commitments made by Council
 - other impacts including amounts that were informed by other bodies, or potential impacts for reports that have been noted, without a firm commitment having been made yet.

For those reports where there is an impact from January 2015 to June 2015, all of the values are identified as commitments made by Council, there are no other impacts.

- The SFP Impact is based on the following:
 - Total estimated cashflows up to 2032-33.
 - Includes inflation.
 - Includes all whole of life costs such as capital expenditure, operating expenses, operating income, reserves, borrowings, interest payments, and earnings on cash held.

As a result of calculating the impacts up to 2032-33 for total cash, the impact for each report is higher than the initial impact. For example, the cost of the shade sails now planned for 2020-21 and 2021-22 is estimated at (\$240,000) excluding escalation. The total impact, including escalation and cost of interest is (\$523,000).

Issues and options considered

There are two reports in Quarter 3 that have an estimated benefit of \$2.3 million. There are four reports in Quarter 4 that have an estimated benefit of \$1.7 million. The net cumulative effect of decisions in the 2014-15 financial year is a total improvement in cash of \$62.4 million up to 2032-33.

The impacts of all reports included in Attachment 1 are included in the draft *20 Year Strategic Financial Plan 2014-15 to 2033-34*.

Legislation / Strategic Community Plan / policy implications

Legislation

Local Government Act 1995.

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

“(1) A local government is to plan for the future of the district.”

Strategic Community Plan

Key theme

Financial Sustainability.

Objective

Effective management.

Strategic initiative

- Manage liabilities and assets through a planned, long-term approach.
- Balance service levels for assets against long-term funding capacity.

Policy

Not applicable.

Risk management considerations

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

Financial / budget implications

The impact to the City up to 2032-33 of the reports approved between June 2014 and June 2015 is estimated to be a benefit of \$62.4 million. This impact is the total change in cash at the end of 2032-33, and while this is a benefit there are some years where the impacts may be negative.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

This report provides a further enhancement to the long-term financial sustainability by the City by providing a progressive update on the impacts on the 20 Year SFP of Council decisions.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Hamilton-Prime, **SECONDED** Cr Thomas that the Strategic Financial Management Committee **NOTES** the:

- 1 estimated benefit of \$2.3 million on the *20 Year Strategic Financial Plan* of reports approved by Council January 2015 to March 2015;
- 2 estimated benefit of \$1.7 million on the *20 Year Strategic Financial Plan* of reports approved by Council April 2015 to June 2015;
- 3 net cumulative effect of decisions in the 2014-15 financial year of a total improvement in cash of \$62.4 million up to 2032-33.

The Motion was Put and

CARRIED (5/0)

In favour of the Motion: Crs Amphlett, Corr, Hamilton-Prime, McLean and Thomas.

Appendix 1 refers

To access this attachment on electronic document, click here: [Attach1agnSFMC140715.pdf](#)

Cr Fishwick entered the room at 5.55pm.

ITEM 2 DRAFT 20 YEAR STRATEGIC FINANCIAL PLAN 2014-15 TO 2033-34

WARD	All
RESPONSIBLE DIRECTOR	Mr Mike Tidy Corporate Services
FILE NUMBER	104470
ATTACHMENTS	Attachment 1 Schedules Attachment 2 Draft <i>20 Year Strategic Financial Plan 2014-15 to 2033-34</i>
AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

PURPOSE

For Council to adopt the draft *20 Year Strategic Financial Plan* for the period 2014-15 to 2033-34 and *Guiding Principles 2015*.

EXECUTIVE SUMMARY

The *20 Year Strategic Financial Plan* for the period 2013-14 to 2032-33 was adopted by Council at its meeting held on 24 June 2014 (CJ101-06/14 refers). The key changes in the current update are as follows:

- Rates Business Growth has higher projections than the previously adopted plan. A more detailed analysis has been undertaken which now projects an increase in business rates revenue of 43% by 2033-34, the previous plan assumed a 14% increase.
- Tamala Park proceeds – the draft *20 Year Strategic Financial Plan* now includes an updated forecast with the proceeds received over a longer period of time (2028-29), where the previous plan assumed proceeds received by 2024-25.
- Capital Renewal Expenditure – the previous plan estimated additional expenditure from 2020-21, but did not identify specific programs. The draft *20 Year Strategic Financial Plan* has identified additional renewal expenditure for road resurfacing and paths.

- Joondalup Performing Arts and Cultural Facility
 - \$10 million grant funding assumed, subject to successful application to the National Stronger Regions Fund).
 - Annual operating subsidy increased from \$0.4 million to \$0.9 million following further research by the City.

The *20 Year Strategic Financial Plan* is prepared using a set of Guiding Principles. The Guiding Principles were last adopted in June 2014. The Guiding Principles include five key ratios which form the foundation of the plan. There is a maximum possible achievement of 100 ratios over the 20 years of the plan (five per year x 20 years). The projections for the updated draft *20 Year Strategic Financial Plan* for the period 2014-15 to 2033-34 are that 83 key ratios out of 100 would be achieved although there is only 33 out of 50 achieved in the first 10 years. Although the projected achievement of 83 ratios out of 100 is nine higher than the adopted plan, it is far from ideal because the City should achieve at least 90 of the key ratios. The Operating Surplus Ratio, which is the most important ratio, is below the threshold for the first seven years and only comes within tolerance from 2021-22. For those ratios that are not achieved (Operating Surplus Ratio and Asset Sustainability Ratio), there is a positive trend.

The summary of the key ratios are as follows:

- Rates increases at no more than 5%. This is achieved in 20 of the 20 years.
- Net Municipal Closing Balance (ensuring that the books are balanced). This is achieved in all 20 years.
- Operating Surplus Ratio – five year average to be between 2% and 8%. This is achieved in 13 of the 20 years. Although the earlier years (2014-15 to 2020-21) are below the target there is a positive upwards trend. The starting point of the projections of 2015-16 is negative 2.3% and it becomes difficult for the City to improve this in the next few years due to the new investment and the additional operating expenses required to operate new facilities. For example the Joondalup Performing Arts and Cultural Facility will depress the Operating Surplus Ratio by 1.3% each year due to the operating subsidy required and the depreciation expense. The projections from 2025-26 onwards are all within the target or exceed it.
- Asset Sustainability Ratio, which measures the rate at which the City spends capital expenditure on replacement versus depreciation. The target is to be between 90% and 110%. This ratio fails the target in the first 10 years which suggests that there is insufficient expenditure on replacement of existing assets and too much on new assets. The City's assets and infrastructure are relatively young and at this stage in their life cycle it may be reasonable for the asset sustainability ratio to be depressed. The City will need to increase expenditure on renewals in later years as the City becomes older; this has been factored into the capital forecast. This ratio will be subject to on-going review with updates to the *Asset Management Plans* and the ratio calculated separately for each asset class.

- Debt Service Coverage Ratio compares the amount of operating cash flow available versus loan repayments. Ideally there should be surplus from operating cash flow of five times or more of loan repayments. It is intended that the ratio does not fall below the range of two to five and the target is to avoid this occurring for five years in a row. This ratio is achieved in all 20 years, however there are five years where the ratio falls below the desired threshold of five. This is a short term impact caused by the borrowings of major investment including the Joondalup Performing Arts and Cultural Facility and multi-storey car park.

In the early years of the plan cash reserves are depleted, reducing from \$50 million at June 2014 to \$17 million by 2017-18. The \$17 million relates entirely to tied reserves, with \$0 million left in the *Strategic Asset Management Reserve* by 2017-18. The early years of the plan (and in particular 2017-18 and 2018-19) are projected to have a high level of new investment and use up the *Strategic Asset Management Reserve* and then cause higher external borrowings than the City has normally used. Between the years 2015-16 to 2018-19 the City projects borrowings of \$57 million.

Between the years 2015-16 to 2018-19 the City projects borrowings of \$57 million. \$46 million of this relates to the Joondalup Performing Arts and Cultural Facility. Within the previous plan it was assumed that the future proceeds from Tamala Park land sales would allow the City to repay this quickly within six years. However the proceeds from Tamala Park will now be received over a longer period of time and in total will be insufficient to cover all of the costs of borrowings. The total cost to the City, including interest, of the Joondalup Performing Arts and Cultural Facility is \$67 million. As the future Tamala Park proceeds are estimated at \$44 million, there is a shortfall of \$23 million, which is assumed to be funded by general municipal funds, although this would need to be separately determined by Council.

There are \$96 million borrowings projected within the 20 years of the plan, however these are spread across multiple years and begin to be repaid immediately. The maximum balance owing is estimated to be \$64 million at 2020-21. The borrowings projection may appear to be a high value, but in terms of the bold projects taken on and the ring-fencing of specific land proceeds (Tamala Park and Edgewater Quarry) to help finance major projects, the use of borrowings in the draft *20 Year Strategic Financial Plan* is deemed appropriate.

The draft *20 Year Strategic Financial Plan 2014-15 to 2033-34* (Attachment 2 refers) shows tracked changes from the previously adopted plan, however it should be noted that all charts and tables, other than those proposed to be deleted, have also been updated.

It is therefore recommended that Council:

- 1 *ADOPTS the draft 20 Year Strategic Financial Plan 2014-15 to 2033-34 as at Attachment 2 to this Report;*
- 2 *ADOPTS the Guiding Principles 2015 as included in Attachment 2 to this Report.*

BACKGROUND

The current adopted *20 Year Strategic Financial Plan* covers the years 2013-14 to 2032-33 and was adopted by Council at its meeting held on 24 June 2014 (CJ101-06/14 refers).

A new *20 Year Strategic Financial Plan* covering the years 2014-15 to 2033-34 has been prepared (Attachment 2 refers) and is referred to as the draft *20 Year Strategic Financial Plan*.

DETAILS

Disclaimer

Readers of the 20 Year Strategic Financial Plan should note that the document is used predominantly as a planning tool. As such it is based on many assumptions and includes several projects and proposals that in some cases:

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

Any of the assumptions and any of the projects or proposals not already approved could prove to be inaccurate both as to likely requirement, timing and financial estimates or may not come to pass at all. They have, however, been included based on the best available information and knowledge to hand at this 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 or the financial estimates and projections.

Drivers and Philosophies

The *20 Year Strategic Financial Plan* has been developed using a set of Guiding Principles. These are reviewed annually and were last adopted by Council at its meeting held on 24 June 2014 (CJ101-06/14 refers). There are seven basic principles which form the foundation of the overall Guiding Principles:



The core of the guiding principles is the key ratios.

Key Ratios

There are five key ratios that the *20 Year Strategic Financial Plan* aims to achieve. These are referred to throughout the report. The five key ratios are listed in the table below. Ideally the City should achieve at least 90 of the key ratios, because there are three ratios (Net Municipal Closing Funds, Rates % Increase and Debt Service Coverage Ratio) where the City should be achieving the ratio in every year, while the other two Ratios (Operating Surplus Ratio and Asset Sustainability Ratio) should be achieved in most years.

Table 1 – Key Ratios

Ref	Key Ratios	Details
1	Net Municipal Closing Funds	<ul style="list-style-type: none"> Balanced budget (net municipal funds) is a key requirement. Flexible use of reserves and disposal proceeds can be used to help shortfalls in municipal funds, although these have to be paid back to the required reserve at some point in future.
2	Operating Surplus Ratio	<ul style="list-style-type: none"> This is the key ratio for evaluation of operating results, and indeed the most important ratio overall. Operating Surplus ratio is calculated as operating surplus as a % of own source revenue. Operating surplus is the difference between operating income and operating expenses (including depreciation). A desired ratio for operating surplus is between 2% and 8%, as a five year average.
3	Rates Increase	<ul style="list-style-type: none"> Rates % Increases capped at no more than 5% of the overall rates revenue.

Ref	Key Ratios	Details
4	Asset Sustainability Ratio	<ul style="list-style-type: none"> ○ Evaluates asset management. ○ Asset sustainability compares the amount of expenditure on replacement capital projects versus depreciation. ○ The ratio is an indicator of whether the City is spending adequate amounts on its replacement program in comparison to the consumption (depreciation) of its assets. ○ The target for asset sustainability ratio, as per the <i>Department Local Government and Communities (DLGC)</i> guidelines, is between 90% and 110%. The City has slightly varied the targets to achieve between 90% and 110% based on a five year average, rather than each individual year. While the minimum threshold is 90%, the long-term average that the City should aim for is 100%.
5	Debt Service Coverage Ratio	<ul style="list-style-type: none"> ○ This is the key ratio to evaluate treasury management. ○ Used by West Australia Treasury Corporation (WATC) to help evaluate requests for loans. ○ The ratio is the calculation of how much operating cash flow (such as excluding depreciation) covers the cost of loan repayments (principal and interest). ○ The target for debt service coverage ratio is that the ratio does not fall less than five: that is the City should have surpluses that are at least five times greater than the loan repayments. ○ The City has determined that some years legitimately fail the threshold, if the City were repaying a lot of debt based on one-off proceeds, and consequently the City target is to avoid having a ratio of less than five for five years in a row.

Ratios are not merely figures that are calculated for the purpose of complying with a reporting requirement. The ratios provide an assessment of the current and future financial sustainability of the City. While some of the ratios are far from ideal in their calculation (for example, the debt service coverage ratio), they provide a useful overall barometer of the City's financial management.

Guiding Principles 2015

The *Guiding Principles 2015* are included within Attachment 2 (Appendix 1 refers). There are no changes proposed to the *Guiding Principles* and therefore they would remain the same as the *Guiding Principles* adopted by Council at its meeting held on 24 June 2014 (CJ101-06/14 refers).

How the 20 Year Strategic Financial Plan is produced

There are five sets of assumptions used to build up the *20 Year Strategic Financial Plan*, as summarised below. These assumptions are explained in more detail in Section 6 of the plan itself (Attachment 2 refers).

1 External Environment

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

2 Operating Income and Expenses

- Baseline analysis. Adopted Budget 2015-16 is used as the baseline.
- Escalation factors (such as % increases) are then applied to each individual service item.
- Volume changes based on approved projects and planned projects. Where information is available from a feasibility study (for example, Joondalup Performing Arts and Cultural Facility) or a decision by Council, then this information is used.

3 Capital Expenditure

- *Adopted Five Year Capital Works Program 2015-16 to 2019-20* is embedded into the draft *20 Year Strategic Financial Plan*.
- Forecast for each of the programs from 2020-21 to 2033-34 have been made.
- Other 'business as usual' capital programs (Information Technology, Fleet, and Parking) have been forecast.
- Major Projects – based on feasibility studies or council papers.
- Escalation factors (such as % increases) are then applied to each individual project.

4 Capital Disposals

- Sale of land such as Tamala Park.

5 Funding. Each program or project has been separately assessed, to identify whether the project is funded by either:

- municipal funds
- specific reserves
- strategic asset management reserve
- disposal proceeds (for example Grove Child Care / Dorchester Hall)
- borrowings.

The projected key ratios have been reviewed with consideration given to changes that are required to achieve a balanced budget and achievement of as many of the key ratios as possible.

Attachments

There are two attachments:

- Attachments 1.1 to 1.8 are the detailed schedules. Each of these attachments is explained in the table below.
- Attachment 2 is the draft plan itself. The contents of this are explained in a separate table.

Table 2 – Attachments 1.1 to 1.8 – Detailed Schedules

No	Report	Purpose
1.1	Key Ratios Summary	<ul style="list-style-type: none"> ○ Summary of the key ratios achieved versus adopted plan. ○ Other key indicators are also summarised. ○ Graphs of key indicators.
1.2	20 Year Financial Projections	<ul style="list-style-type: none"> ○ Operating statement, capital expenditure, funding.
1.3	Assumptions	<ul style="list-style-type: none"> ○ Escalation assumptions applied for operating income and operating expenditure. ○ Also includes other key assumptions, such as costs of borrowing.
1.4	Major Project Assumptions	<ul style="list-style-type: none"> ○ List of major projects. ○ Comparison of updated capital cost versus adopted SFP, and comparison of timescales for completion.
1.5	Capital Expenditure by Year – excluding escalation	<ul style="list-style-type: none"> ○ Summary of all capital requirements, both for existing programs and new projects. ○ Projects that are highlighted in yellow are in Attachment 1.7.
1.6	Capital Expenditure by Year – including escalation	<ul style="list-style-type: none"> ○ Summary of all capital requirements, both for existing programs and new projects. ○ Projects that are highlighted in yellow are in Attachment 1.7.
1.7	Capital Projects Funding	<ul style="list-style-type: none"> ○ Funding summary to explain how each of the large / significant projects are funded. ○ This only includes those projects that are not funded solely by municipal.
1.8	Reserves	<ul style="list-style-type: none"> ○ Projected reserve balances and movements.

The table below provides a summary view of the content of the plan (Attachment 2 refers):

Table 3 – Explanation of the draft *20 Year Strategic Financial Plan*

Summary	Reference	Pages	Details
Introduction	Sections 1 to 3	3 to 9	Introductory sections, explaining the purpose of the draft <i>20 Year Strategic Financial Plan</i> , executive summary and description of the City of Joondalup.
Strategy	Sections 4 to 5	11 to 13	<p>These two sections explain the strategy used to prepare the projections. Includes:</p> <ul style="list-style-type: none"> • Summary of the guiding principles, adopted by Council at its meeting held on 24 June 2014 (CJ101-06/14 refers). • <i>Asset Management Policy</i> and <i>Five Year Capital Works Program</i>.
Assumptions	Section 6	14 to 22	<p>This section provides details of the five sets of assumptions used to build up the projections:</p> <ul style="list-style-type: none"> • External environment. • Operating income and expenses. • Capital Expenditure. • Capital Proceeds. • Funding.
Impacts Key Ratios and Funding	Sections 7 to 9	23 to 41	These three sections explain the ratio projections and the supporting schedules.
Risk and Sensitivity	Sections 10 to 11	42 to 47	Analysis of risk and scenario analysis.
Guiding Principles	Appendix 1	48 to 50	<i>20 Year Strategic Financial Plan</i> - Guiding Principles Statement as adopted by Council at its meeting held on 24 June 2014 (CJ101-06/14 refers) with one proposed change.
Capital Projects	Appendix 2	50 to 51	List of capital programs/projects, and associated operating impacts.
Financial Statements	Appendix 3 and Financial Statements FS1 to FS4	52 to 62	<p>The supporting Financial Statements to the draft <i>20 Year Strategic Financial Plan</i>.</p> <p>The Financial Statements are:</p> <ul style="list-style-type: none"> • As per the DLGC LTFP Framework and Guidelines (note Statement of Financial Position and Equity Statement have been combined as a single statement). • Similar statements required for the Budget and Annual Financial Statements, but in an abridged format. • Each followed by a table that explains each line.

Summary	Reference	Pages	Details
Supporting Schedules	Supporting Schedules SS1 to SS5	63 to 71	Five supporting schedules provide additional detail on calculations and projections.

Issues and options considered

The projected increase in parking fees as shown in Attachment 1.3 is higher than the increase in other fees and charges; these increases are consistent with the business case for the multi-storey car park adopted by Council in 2012. The increase in licenses & registrations (which mostly relates to dog and cat registrations) is lower than other fees and charges, and in some years assumed to be zero because these charges are based on state legislation and difficult to predict.

In the early years of the plan cash reserves are depleted, reducing from \$50 million at June 2014 to \$17 million by 2017-18. The \$17 million relates entirely to tied reserves, with \$0 left in the Strategic Asset Management Reserve by 2017-18. The early years of the plan (and in particular 2017-18 and 2018-19) are projected to have a high level of new investment and consequently use up the Strategic Asset Management Reserve and then cause higher external borrowings than the City has normally used. Between the years 2015-16 to 2018-19 the City projects borrowings of \$57 million.

Between the years 2015-16 to 2018-19 the City projects borrowings of \$57 million. \$46 million of this relates to the Joondalup Performing Arts and Cultural Facility. Within the previous plan it was assumed that the future proceeds from Tamala Park land sales would allow the City to repay this quickly within six years. However the proceeds from Tamala Park will now be received over a longer period of time and in total will be insufficient to cover all of the costs of borrowings. The total cost to the City, including interest, of the Joondalup Performing Arts and Cultural Facility is \$67 million. As the future Tamala Park proceeds are estimated at \$44 million, there is a shortfall of \$23 million, which is assumed to be funded by general municipal funds. It is not the intention of this report to approve the funding of the Joondalup Performing Arts and Cultural Facility. A separate report will be prepared on this subject.

There are \$96 million borrowings projected within the 20 years of the plan, however these are spread across multiple years and begin to be repaid immediately. The maximum balance owing is estimated to be \$64 million at 2020-21. The borrowings of \$96 million may appear to be a high value, but in terms of the bold projects taken on and the ring-fencing of specific land proceeds (Tamala Park and Edgewater Quarry) to help fund major projects, the use of borrowings in the draft *20 Year Strategic Financial Plan* is deemed appropriate.

Options

At the time of presenting the *20 Year Strategic Financial Plan* for adoption, there are likely to be projects and plans being reviewed that have different assumptions to those included in the *20 Year Strategic Financial Plan*. The *20 Year Strategic Financial Plan* is updated annually, and therefore revised assumptions can be included in future updates of the *20 Year Strategic Financial Plan*.

The options available to Council are to:

- adopt the draft *20 Year Strategic Financial Plan*, without any further changes
- adopt the draft *20 Year Strategic Financial Plan* with changes
or
- not adopt the draft *20 Year Strategic Financial Plan* at this stage pending further changes.

Option 1 is recommended.

Legislation / Strategic Community Plan / policy implications

Legislation Section 5.56(1) of the *Local Government Act 1995* provides that:

“A local government is to plan for the future of the district.”

Strategic Community Plan

Key theme Financial Sustainability.

Objective Effective management.

Strategic initiative

- Manage liabilities and assets through a planned, long-term approach.
- Balance service levels for assets against long-term funding capacity.

Policy *20 Year Strategic Financial Plan – Guiding Principles.*

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.

Within some years of the plan (notably 2017-18 and 2019-20), there are multiple planned projects, although some of these projects are not yet fully scoped, for example Grove Child Care / Dorchester Hall / Warwick Hall. There may appear to be a risk in the capacity of the City in implementing multiple projects. However this risk can be mitigated by outsourcing some of the activities such as detailed design if necessary. The City reviews the scheduling and implementation of major projects on an annual basis, as part of the review of *Five Year Capital Works Program* and *20 Year Strategic Financial Plan*, and will continue to evaluate capacity as part of the annual reviews.

Financial / budget implications

The draft *20 Year Strategic Financial Plan* represents projections and estimates, based on many assumptions and is a primary planning tool for the development of future budgets. Adoption of the draft *20 Year Strategic Financial Plan*, however, does not constitute a commitment or agreement by the City to the projects and proposals it contains or the financial estimates and projections included in the draft *20 Year Strategic Financial Plan*.

The plan has been prepared and reviewed during the annual Budget process, which will enable the plan to be used as an enabler to the annual Budget for the following year.

Regional significance

Not applicable.

Sustainability implications

The draft *20 Year Strategic Financial Plan* represents the primary and key strategic financial planning document for the City and has a direct bearing on planning for the financial sustainability of the City.

Consultation:

The draft *20 Year Strategic Financial Plan* has been prepared after extensive consultation with City Business Units, the Executive Leadership Team and Elected Members.

COMMENT

The draft *20 Year Strategic Financial Plan 2014-15 to 2033-34* (Attachment 2 refers), sets out a significant program of works and projects for the City of Joondalup over the next 20 years. These are in keeping with and represent the *Joondalup 2022* vision for the City: “*A global City: bold, creative and prosperous*”.

Although the program is ambitious it is achievable with financial discipline and the draft *20 Year Strategic Financial Plan* maps out how this can be done.

The draft *20 Year Strategic Financial Plan 2014-15 to 2033-34* replaces the previous plan adopted in 2014.

The table below summarises the key ratios.

KEY RATIO as per the City's Guiding Principles		(A) Target Range		(B) Updated 20 Year SFP		c) Previously Adopted		
		Low	High	Number of Years within Tolerance	Number of Years Outside Tolerance	Number of Years Within Tolerance	vs. Current Proposal	
1	Rate % Increase	0.0%	5.0%	20	0	19	1	✓
2	Balanced Books	\$0	\$0	20	0	20	0	✓
3	Operating Surplus Ratio %	2.0%	8.0%	13	7	10	3	X
4	Asset Sustainability Ratio %	90.0%	110.0%	10	10	8	2	X
5	Debt Service Coverage Ratio	< 5	>5	20	0	17	3	✓
	Total			83	17	74	9	X

Of the five key ratios identified within the *Guiding Principles*, 83 out of 100 are achieved, although there is only 33 out of 50 achieved in the first 10 years. Although the projected achievement of 83 ratios out of 100 is nine higher than the adopted plan, it is far from ideal because the City should achieve at least 90 of the key ratios. Indeed the operating surplus ratio, which is the most important ratio, is below the threshold for the first seven years and only comes within tolerance from 2021-22. For those ratios that are not achieved (operating surplus ratio and asset sustainability ratio), there is a positive trend. The ratios are explored in great detail within the plan at Attachment 2; some summary comments to note include the following:

- Rates increases at no more than 5%. This is achieved in 20 of the 20 years.
- Balance the books is a ratio that must be achieved every year, and the recommended option achieves that.
- Operating surplus ratio is the most important indicator out of all the ratios, as it has a mix of all the other ratios combined (liquidity, asset management, operating performance). The City currently has an operating surplus ratio that is below the target, however there are projected to be steady improvements. The target is to have a five year average between 2% and 8% which is projected to be achieved in 13 of the 20 years. The starting point of the projections of 2015-16 is negative 2.3% and it becomes difficult for the City to improve this in the next few years due to the new investment and the additional operating expenses required to operate new facilities. For example the Joondalup Performing Arts and Cultural Facility will depress the operating surplus ratio by 2.8% each year due to the operating subsidy required, interest expense on borrowings and the depreciation. The projections from 2021-22 onwards are all within the target or exceed it.
- Asset Sustainability Ratio - measures the rate at which the City spends capital expenditure on replacement versus depreciation. The target is to be between 90% and 110%, the long-term average should be 100%. This ratio fails the target in the first 10 years which suggests that there is insufficient expenditure on replacement of existing assets and too much on new assets. The City's assets and infrastructure are relatively young and at this stage in their life cycle it is reasonable for the asset sustainability ratio to be depressed. The City will need to increase expenditure on renewals in later years as the City becomes older; this has been factored into the capital forecast. This ratio will be subject to on-going review with updates to the asset management plans and the ratio calculated separately for each asset class.
- Debt service coverage ratio compares the amount of operating cash flow available versus loan repayments. Ideally there should be surplus from operating cash flow of five times or more of loan repayments. It is intended that the ratio does not fall below the range of two to five, and the target is to avoid this occurring for five years in a row. This ratio is achieved in all 20 years, however there are five years where the ratio falls below the desired threshold of five, this is a short term impact caused by the borrowings of major investment including the Joondalup Performing Arts and Cultural Facility and Edgewater Quarry.

VOTING REQUIREMENTS

Simple Majority.

OFFICER'S RECOMMENDATION

That Council:

- 1 ADOPTS the draft *20 Year Strategic Financial Plan* for the period 2014-15 to 2033-34 as at Attachment 2 to this Report;
- 2 ADOPTS the *Guiding Principles 2015* as included in Attachment 2 to this Report.

PROCEDURAL MOTION – THAT THE ITEM BE REFERRED BACK

MOVED Cr Corr, **SECONDED** Cr Hamilton-Prime that the *20 Year Strategic Financial Plan* for the period 2014-15 to 2033-34 **BE REFERRED BACK** to the Chief Executive Officer to allow the schedules of the plan to be recast in a way that highlights the financial impact of the plan by the removal of the Joondalup Performing Arts and Cultural Facility and the inclusion of the Hawker Park Clubrooms project.

The Procedural Motion was Put and

CARRIED (6/0)

In favour of the Procedural Motion: Crs Amphlett, Corr, Fishwick, Hamilton-Prime, McLean and Thomas.

Appendix 2 refers

To access this attachment on electronic document, click here:

[Attach2agnSFMC140715.pdf](#)

ITEM 3 PROGRESS OF THE DRAFT PROPERTY STRATEGY

WARD	All
RESPONSIBLE DIRECTOR	Mr Garry Hunt Office of the CEO
FILE NUMBER	63627, 101515
ATTACHMENTS	Nil.
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 to note the progress towards the development of the proposed draft *Property Strategy*.

EXECUTIVE SUMMARY

As custodian of approximately \$98,861,990 worth of freehold land assets (carrying value - being fair value less accumulated depreciation as shown in the City's Asset Register May 2015), the City has a responsibility to ensure that the land and any infrastructure it accommodates is prudently managed.

It is proposed that the City develops a *Property Strategy* that sets out the decision-making framework, policies and principles to guide its future with regard to property matters.

The City has been undertaking a process where it has sold a number of its freehold sites that were surplus to requirements, however, continuing to sell freehold land is not a direction that can be sustained in the long term. A more sustainable and structured approach may be for the City to retain ownership of some of its freehold land as a long-term investment to generate a residual income stream. Potentially, land acquisitions and lease arrangements may be income generating options for future consideration.

Examining opportunities with regard to the Crown land the City manages may also present financial and community benefits.

Preparation work towards the development of the *Property Strategy* has commenced and expert advice is now required. Consultants will be engaged to facilitate the City's future direction on land matters that includes strategies for optimisation.

It is therefore recommended that the Strategic Financial Management Committee NOTES:

- 1 the status report on the progress of the draft Property Strategy;*
- 2 the engagement of consultants to facilitate the City's proposed Property Strategy;*
- 3 that a further status report on the progress of the Property Strategy will be submitted to the Strategic Financial Management Committee at its meeting to be held on 9 November 2015.*

BACKGROUND

Excluding the interest the City has with six other local governments in land within the City of Wanneroo, the City owns 135 freehold properties that serve a number of community purposes. Of the 135 properties, there are 64 drainage sumps, 40 civic/community purpose sites, 13 dune protection sites, eight car parks, seven sites used as public open space (POS) 'buffer strips' and three sites transferred for, and currently used, as POS.

In 2010, the City began examining its freehold land portfolio with a view to disposing of a surplus number of sites. Several of the sites had been in the City's ownership since the 1970s with their original purpose on ceding no longer being the core business of current local governments, for example kindergartens. For other sites considered for disposal, it was determined that within those specific locations, the local community was adequately served by community purpose facilities.

There were two phases of examination resulting in 14 sites being considered and to-date two sites have been withdrawn, five have been sold, leaving seven sites in various stages of progress towards sale. Reports on the status of these remaining seven sites are submitted to Council throughout the year.

A phase 3 examination of land identified a number of valuable City land assets that have, for 25 to 35 years, presented to the community as POS although POS was not their original acquisition purpose. To realise the value of these assets, sensitively considered solutions could be investigated to achieve the best possible overall result. These sites have considerable value and if at all possible this value should be realised.

Of the seven sites that are at various stages towards their potential disposal, Council to date has made a commitment to facilitate the development of 'aged and dependent persons' dwellings' by restricting the zoning of particular sites. However, this may need to be reconsidered due to the restriction limiting the marketability of land.

DETAILS

Based on the eventual depletion of land, it is not a long-term solution for the City to continually sell its freehold land and therefore other strategies need to be investigated. These may include complex high value projects or simpler strategies such as leasing land on commercial terms.

The City needs to develop a *Property Strategy* that sets out a policy framework and provides guiding principles on the City's future management, disposal and acquisition of land. It needs to be an integral component of the City's strategic direction and have a strong link to all related corporate documents, especially asset management plans.

The various elements of the *Property Strategy*, especially its investment approach, may need to be implemented over short, medium and long-term time periods. With long term plans for outcomes that have the potential to cause a negative community reaction, this timeframe allows a transitional period of adjustment. If these outcomes are supported by rigorous research and financial analysis, it may go some way for the community to realise and adjust to the overall benefits gained.

Data collection and data verification has been the commencement point of the strategy. This has not only related to the City's freehold land, but also Crown land that the City has management over.

The City already has comprehensive freehold and Crown land inventories that were developed as part of the *Property Management Framework* and the Crown land inventory is being verified against records held at Landgate. This inventory indicates that the City manages approximately 612 land parcels and the assessment work is not only a reconciliation of Landgate and City records, but viewing plans of each site to ascertain if they present any opportunities.

A data verification exercise is also being conducted on unallocated Crown land within the City.

Issues and options considered

Part of having a property strategy in place will be the guidance it will provide to the decision-making framework with regard to City freehold and managed Crown land. Detailed below are some potential matters to be considered once a framework has been approved.

Freehold land

The City may wish to continue with its approach to make land available at higher density and restrict the use to the development of units for over 55s, or recode sites to a higher density for unit development without restriction. Both have the potential to create a benefit to City residents with the former allowing residents to 'age in place' and the latter potentially enabling smaller more affordable housing options.

Commercial child care centres may also be an option to consider and this could be based on a land lease arrangement allowing the City to retain the asset. This not only serves the purpose of providing an income stream for the City, but support parents and families with young children.

The foregoing options could be considered based on partnerships with state government departments, other local governments, commercial developers and non-government organisations. The potential benefits of collaboration are accessing new markets, shared costs and risks and gaining access to various areas of expertise.

Drainage Sumps

Some drainage sumps may present an opportunity to be converted into residential land to eventually be rezoned and disposed of. To progress with this investigation, monitoring the identified sumps over at least two winter seasons will be required. This will allow the City to fully assess their potential, determine a scope of works to manage flood waters and calculate conversion costs.

Potential Opportunities with Crown Land

Exchanges

For the City to be in a position to exchange any of the sites it owns that present as parks, the current Crown land exchange process used by State Government needs to be more flexible.

Advice from the Department of Lands (DoL) is that in general terms, a Crown land exchange with local government freehold land is on a dollar for dollar basis therefore local governments do not make a financial gain. This outcome – the local government paying for the Crown land site - would appear to make the exchange exercise in most cases impractical. Based on this model, there is little movement between State and local governments with regard to land exchanges.

Contact with the DoL could be made in order for consideration to be given to a 'land area for land area' exchange model, with local governments being prepared to offer some percentage of the sales proceeds when the exchanged Crown land site is sold. This approach may allow for local governments to realise the value of a significant freehold land asset and the State making financial gain. Another potential benefit is the City exchanging freehold sites that are significantly treed for Crown land sites of less conservation value.

The above concept could be investigated and reported back to Council.

Department of Lands' Section 152 Guidelines

The Crown land the City manages is intrinsically linked to financial and community benefits with regard to development options. Consulting with the DoL regarding the acquisition of Crown land sites at a concessional rate is an approach to be investigated. If this approach was successful, these sites would eventually be rezoned and sold to pay for capital improvements to recreation land in the vicinity of the acquired site.

There are other potential benefits to the City with good management of its Crown land. An example is the relocation of a community facility currently developed on freehold land that is adjacent to Crown land. Potentially relocating the facility onto the adjacent Crown land over an agreed to timeframe would enable the City to consider future opportunities for the vacated freehold land.

Legislation

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

The *Land Administration Act 1997* deals with matters relating to Crown land.

As the strategy progresses, other sections of the relevant legislation may apply and will be detailed accordingly.

Strategic Community Plan

Key theme

Financial Sustainability.

Quality Urban Environment.

Objective

Financial diversity, Effective management and Major project delivery.

Quality built outcomes.

Strategic initiative

- Identify opportunities for new income streams that are financially sound and equitable.
- Buildings and landscaping is suitable for the immediate environment and reflect community values.

Policy

Asset Management Policy.

Sustainability Policy.

Risk management considerations

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

For land being sold, the City sets its reserve prices based on up-to-date market valuations and there is the potential that the reserve prices will not be realised. Market conditions need to be taken into account with the sale of land.

As part of the development of the *Property Strategy*, consideration should also be given to the City's position on the need for land by non-government organisations that serve the City's residents.

The proposed changes to the land use for some properties may result in resident dissatisfaction.

The progress and eventual content of the strategy need to take into account the current and future plans of all other business units that have an interest in freehold and Crown land.

Financial / budget implications

Market valuation information is used to set the reserve price on land being disposed of.

To-date any expenditure with regard to land sales has been offset by the income received or the income pending on sale. For some future land projects, current and future financial impact statements will be required.

Related expenditure costs with regard to the strategy are consultancy fees, legal and settlement fees, advertising costs, land surveying and amalgamation costs and potentially real estate fees and commissions.

Regional significance

The proceeds from the sale and investment opportunities with regard to City freehold land are committed to the Joondalup Performing Arts and Cultural Facility (JPACF) reserve. The development of the JPACF will enhance the City Centre as the major commercial, educational, recreational and arts and culture centre for the northern corridor of the Perth metropolitan area.

As they are land related, there are other major projects that could be incorporated into the details of the strategy in some agreed form; these being the proposed development of Ocean Reef Marina, the Joondalup City Centre Commercial Office Development, the City's Cafés/Kiosk/Restaurants project and the development of the Catalina Estate in the suburbs of Clarkson and Mindarie.

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 or a future strategy.

Social sustainability is evident to-date, as Council has supported the restricted use of 'aged or dependent persons' dwellings' which provide alternative housing choices for the City's ageing population.

Council has previously noted that the proceeds from the sale of its freehold land are to be transferred to the JPACF Reserve fund.

Consultation

The City has the option to consult with residents using the process outlined in its *Community Consultation and Engagement Policy* and *Protocol* prior to any formal or statutory advertising that may be required.

To-date, the required 42-day advertising period for amendments to DPS2 has been when the community generally has been first able to make a submission on proposals regarding land disposals.

Under the *Local Government Act 1995*, leasing of land is also considered to be a disposal and how the City disposes of land will determine the advertising process.

COMMENT

Work has commenced towards the development of the proposed *Property Strategy*. Expert advice will be engaged to provide assistance in developing the guiding principles and policy position on the City's future management of its freehold and Crown land.

The current position is that research and other associated background work to the development of the proposed *Property Strategy* has been commenced. With regard to its land transactions, the City has properties available for sale, some supported for disposal and other potential opportunities with regard to properties identified in the phase 3 examination of City freehold land. Assessing opportunities concerning Crown land such as Crown land exchanges with City freehold land may also be a consideration, although based on the DoL's advice, for land exchanges to have benefit to the City, a more flexible process would be required.

The City has been approached by the Department of Housing with regard to potential partnerships and there may be similar opportunities with other local governments.

VOTING REQUIREMENTS

Simple Majority.

The Governance Coordinator left the meeting at 6.20pm.

MOVED Cr McLean, SECONDED Cr Thomas that the Strategic Financial Management Committee NOTES:

- 1 the status report on the progress of the draft *Property Strategy*;**
- 2 the engagement of consultants to facilitate the City's proposed *Property Strategy*;**
- 3 that a further status report on the progress of the *Property Strategy* will be submitted to the Strategic Financial Management Committee at its meeting to be at held on 9 November 2015.**

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs Amphlett, Corr, Fishwick, Hamilton-Prime, McLean and Thomas.

The Senior Financial Analyst left the meeting at 6.22pm.

**ITEM 4 CONFIDENTIAL - PROPOSED DISPOSAL OF LOT 23
(77) GIBSON AVENUE, PADBURY**

WARD South-West

RESPONSIBLE DIRECTOR Mr Garry Hunt
Office of the CEO

FILE NUMBER 53562, 101515

ATTACHMENTS Attachment 1 Location Plan

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

AUTHORITY / DISCRETION Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

This report is confidential in accordance with section 5.23(2)(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 Hamilton-Prime, SECONDED Cr Thomas that Council:

- 1 in accordance with Section 3.58(3) of the *Local Government Act 1995*, AGREES to give local public notice of the proposed disposal of Lot 23 (77) Gibson Avenue, Padbury to The Stephens Group for an amount of \$2,146,500 inclusive of GST;**
- 2 NOTES that after the conclusion of public advertising, a further report will be submitted to Council to enable it to consider any submissions received prior to agreeing to dispose of the property.**

The Motion was Put and

CARRIED (5/1)

In favour of the Motion: Crs Amphlett, Fishwick, Hamilton-Prime, McLean and Thomas.
Against the Motion: Cr Corr.

**ITEM 5 CONFIDENTIAL - PROPOSED DISPOSAL OF LOT
745 (103) CARIDEAN STREET, HEATHRIDGE**

WARD	North-Central
RESPONSIBLE DIRECTOR	Mr Garry Hunt Office of the CEO
FILE NUMBER	37562, 101515
ATTACHMENTS	Attachment 1 Location Plan

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

AUTHORITY / DISCRETION Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

This report is confidential in accordance with section 5.23(2)(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 Amphlett, SECONDED Cr McLean that Council:

- 1 in accordance with Section 3.58(3) of the *Local Government Act 1995*, AGREES to give local public notice of the proposed disposal of Lot 745 (103) Caridean Street, Heathridge to Conway Projects for an amount of \$920,000 inclusive of GST;**
- 2 NOTES that after the conclusion of public advertising, a further report will be submitted to Council to enable it to consider any submissions received prior to agreeing to dispose of the property.**

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs Amphlett, Corr, Fishwick, Hamilton-Prime, McLean and Thomas.

Cr Chester left the room at 6.28pm.

**ITEM 6 CONFIDENTIAL - STATUS REPORT ON CITY
FREEHOLD PROPERTIES PROPOSED FOR
DISPOSAL**

WARD	All
RESPONSIBLE DIRECTOR	Mr Garry Hunt Office of the CEO
FILE NUMBER	63627, 101515
ATTACHMENTS	Attachment 1 Location Plans - Lot 200 (24), Lot 201 (22) and Lot 202 (20) Kanangra Crescent, Greenwood and Lot 745 (103) Caridean Street, Heathridge Attachment 2 Location Plans - Lot 23 (77) Gibson Avenue, Padbury and Lot 803 (15) Burlos Court, Joondalup Attachment 3 Location Plans - Lot 549 (11) Moolanda Boulevard, Kingsley and Lot 1001 (14) Camberwarra Drive, Craigie Attachment 4 Location Plans - Lots 642/643 (57/59) Marri Road, Duncraig and Lot 12223 (12) Blackwattle Parade, Padbury

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

AUTHORITY / DISCRETION Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

This report is confidential in accordance with section 5.23(2)(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 Hamilton-Prime, SECONDED Cr Thomas that the Strategic Financial Management Committee NOTES:

- 1 the status report on the progress of the City's proposed disposal of the seven freehold land sites as at 14 July 2015 as detailed in this Report;
- 2 the status report on the progress of the City's proposed acquisition of State owned Lot 12223 (12) Blackwattle Parade, Padbury;
- 3 a further status report on the progress of the City's proposed disposal of seven freehold land sites and the proposed acquisition of Lot 12223 (12) Blackwattle Parade, Padbury will be submitted to the next Strategic Financial Management Committee at its meeting held on 9 November 2015.

It was requested that each part of the motion be voted upon separately.

MOVED Cr Hamilton-Prime, SECONDED Cr Thomas that the Strategic Financial Management Committee NOTES:

- 1 the status report on the progress of the City's proposed disposal of the seven freehold land sites as at 14 July 2015 as detailed in this Report;

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs Amphlett, Corr, Fishwick, Hamilton-Prime, McLean and Thomas.

MOVED Cr Hamilton-Prime, SECONDED Cr Thomas that the Strategic Financial Management Committee NOTES:

- 2 the status report on the progress of the City's proposed acquisition of State owned Lot 12223 (12) Blackwattle Parade, Padbury;

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs Amphlett, Corr, Fishwick, Hamilton-Prime, McLean and Thomas.

MOVED Cr Hamilton-Prime, SECONDED Cr Thomas that the Strategic Financial Management Committee NOTES:

- 3 a further status report on the progress of the City's proposed disposal of seven freehold land sites and the proposed acquisition of Lot 12223 (12) Blackwattle Parade, Padbury will be submitted to the next Strategic Financial Management Committee at its meeting held on 9 November 2015.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs Amphlett, Corr, Fishwick, Hamilton-Prime, McLean and Thomas.

**ITEM 7 CONFIDENTIAL - PINNAROO POINT CAFÉ/KIOSK
PROJECT - INTERIM STATUS REPORT**

WARD	South-West
RESPONSIBLE DIRECTOR	Mr Garry Hunt Chief Executive Officer
FILE NUMBER	102656, 101515
ATTACHMENTS	Attachment 1 Site Plan

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

AUTHORITY / DISCRETION Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

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

A matter that if disclosed would reveal information about the business, professional, commercial or financial affairs of a person.

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

MOVED Cr Hamilton-Prime, SECONDED Cr Thomas that Council:

- 1 NOTES the Pinnaroo Point Café/Kiosk Project - Interim Status Report;**
- 2 REQUESTS the Chief Executive Officer negotiate a lease agreement with Rock (WA) Pty Ltd T/as White Salt to facilitate the development at Pinnaroo Point for Council's endorsement.**

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs Amphlett, Corr, Fishwick, Hamilton-Prime, McLean and Thomas.

URGENT BUSINESS

Nil.

MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil.

REQUESTS FOR REPORTS FOR FUTURE CONSIDERATION

Nil.

CLOSURE

There being no further business, the Presiding Member declared the meeting closed at 6.35pm; the following Committee Members being present at that time:

Cr Geoff Amphlett, JP
Cr Brian Corr
Cr Russ Fishwick, JP
Cr Christine Hamilton-Prime
Cr Tom McLean, JP
Cr Sam Thomas