

minutes

Strategic Financial Management Committee

MEETING HELD ON **TUESDAY, 8 MARCH 2011**

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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, 8 MARCH 2011.****ATTENDANCE****Councillors:**

Cr Geoff Amphlett, JP	<i>Presiding Person</i>
Cr Mike Norman	<i>Deputy Presiding Person</i>
Mayor Troy Pickard	
Cr Tom McLean	
Cr John Chester	<i>Deputy for Cr Brian Corr</i>
Cr Russ Fishwick	

Officers:

Mr Jamie Parry	Director Governance and Strategy
Mr Mike Tidy	Director Corporate Services
Mr Martyn Glover	Director Infrastructure Services
Mr Tim Hegney	Governance Coordinator

DECLARATION OF OPENING

The Presiding Person declared the meeting open at 5.30pm.

APOLOGIES/LEAVE OF ABSENCE

Apologies:

Cr Philippa Taylor

Leave of Absence previously approved

Cr Brian Corr	2 to 8 March 2011 inclusive.
Cr John Chester	2 to 11 April 2011 inclusive.
Cr Geoff Amphlett	5 to 14 April 2011 inclusive.
Cr Liam Gobbert	24 June to 18 July 2011 inclusive.
Cr Kerry Hollywood	23 March to 8 April 2011 inclusive.

CONFIRMATION OF MINUTES**MINUTES OF THE STRATEGIC FINANCIAL MANAGEMENT COMMITTEE MEETING
HELD ON 14 SEPTEMBER 2010**

MOVED Cr Norman, SECONDED Cr McLean that the minutes of the meeting of the Strategic Financial Management Committee held on 14 September 2010 be confirmed as a true and correct record.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs Amphlett, Fishwick, McLean, Norman, Chester, and Mayor Pickard.

DECLARATIONS OF INTEREST

Nil.

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

Nil.

PETITIONS AND DEPUTATIONS

Nil.

REPORTS**ITEM 1 SETTING OF MEETING DATES FOR 2011**

WARD: All

RESPONSIBLE: Mr Jamie Parry, Director Governance and Strategy

FILE NUMBER: 51567

ATTACHMENTS: Nil

PURPOSE

To provide a schedule of meeting dates for the Strategic Financial Management Committee (SFMC) for 2011.

BACKGROUND

At its meeting held on 16 November 2010 (CJ194-11/10 refers), Council resolved:

“7 AGREES that meetings for designated Council Committees be scheduled to occur on Mondays or Wednesdays of weeks 1, 2 or 3 of any month to minimise potential conflicts with other Council activities.”

DETAILS

It is suggested that quarterly meetings of the SFMC be set for 2011.

The meeting dates are based on the schedule of Council meeting dates, adopted by Council at its meeting held on 16 November 2010. The proposed meeting dates are as follows:

7.00pm on Wednesday, 20 April 2011.
7.00pm on Wednesday, 10 August 2011.
6.00pm on Monday, 31 October 2011.

VOTING REQUIREMENTS

Simple majority.

OFFICER'S RECOMMENDATION: That the Strategic Financial Management Committee approves the following meeting dates for 2011:

7.00pm on Wednesday, 20 April 2011;
7.00pm on Wednesday, 10 August 2011;
6.00pm on Monday, 31 October 2011.

MOVED Cr Fishwick, SECONDED Cr McLean that the Strategic Financial Management Committee approves the following meeting dates for 2011:

**7.00pm on Wednesday, 20 April 2011;
7.30pm on Monday, 8 August 2011;
6.00pm on Monday, 31 October 2011.**

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs Amphlett, Fishwick, McLean, Norman, Chester, and Mayor Pickard.

Moved to Item 3.

**ITEM 2 OPERATIONAL BUDGET – OPERATIONAL
EFFICIENCY PROGRAM**

WARD:	All
RESPONSIBLE	Mr Garry Hunt, Chief Executive Officer
FILE NUMBER:	100160
ATTACHMENTS:	Attachment 1 Customer Satisfaction Benchmarking Information 2009/10

PURPOSE

To provide the Strategic Financial Management Committee with additional information on the Operational Budget related to operational efficiency programs.

EXECUTIVE SUMMARY

The City's Operational Budget is developed following a rigorous annual planning process to compile the cost service levels and projects and programs based on customer need. The City has a number of programs in place to ensure that operational efficiency and continuous improvement is a constant focus, and this report provides an outline of these programs.

BACKGROUND

At its meeting held on 14 September 2010, a report was presented to the Strategic Financial Management Committee on the City's operational budget expenditure including employee costs, building maintenance and operations, supplier contracts and motor vehicles.

The Committee requested additional information on the processes in place to improve efficiencies and effectiveness in service delivery, make the best use of resources, and continually improve service delivery in response to community needs and expectations.

This Report provides an overview of the programs in place to drive organisational improvement through project management, service reviews, business process improvement, benchmarking (costs and processes), and taskforces.

DETAILS

The City has adopted the Business Excellence Framework to drive improvements and innovation in service delivery. The Business Excellence Framework aims to create an organisational environment that leads to sustainable business success and is based on principles of organisational improvement. The Framework assists organisations to:

- Achieve stronger financial performance;
- Drive innovation in services;

- Focus on customer service and satisfaction;
- Create effective business planning processes;
- Engage teams in the process of improvement and increase staff satisfaction;
- Improve decision making capabilities;
- Increase capacity to manage change; and
- Demonstrate to key stakeholders that it has a structured and systematic approach to improving and achieving best practice.

The Business Excellence Framework was developed by a team of management and leadership experts and is updated annually to reflect leading edge global thinking. It was developed in response to both Commonwealth Government and general industry calls for Australian enterprises to be more efficient and competitive.

The aim of the Business Excellence Framework is to create an environment for continuous improvement in a structured and systematic manner and to deliver process improvement, team building, and efficiencies. The Framework also provides the opportunity for the City to compare its performance against other local governments and other organisations.

The Framework is underpinned by the following eight contemporary principles of business excellence:

- 1 **Leadership** – lead by example, provide clear direction, build organisational alignment and focus on sustainable achievement of goals.
- 2 **Customers** – Understand what customers and markets value, now and into the future, and use this to drive organisational design, strategy products and services.
- 3 **Systems Thinking** – Continuously improve the system.
- 4 **People** – Develop and value people's capability and release their skills, resourcefulness and creativity to change and improve the organisation.
- 5 **Continuous Improvement** – Develop agility, adaptability and responsiveness based on a culture of continual improvement, innovation and learning.
- 6 **Information and Knowledge** – Improve performance through the use of data, information and knowledge to understand variability and to improve strategic and operational decision making.
- 7 **Corporate and Social Responsibility** – Behave in an ethically, socially and environmentally responsible manner.
- 8 **Sustainable Results** – Focus on sustainable results, value and outcomes.

The Business Excellence Framework translates these principles into a set of criteria that can be used for assessment and improvement planning, and describes (rather than prescribing) best practice across all elements of an organisation.

The Framework also provides a performance benchmarking program for the City as all parts of the business are regularly assessed against the key categories of the Framework.

The City has tailored the framework to suit the operations of the City and has implemented a number of programs with the Business Excellence Framework in order to improve operational efficiency, which are described below:

Project Management

The City has a Project Management Framework that requires all projects to be managed in a systematic and structured manner with robust reporting requirements, to ensure that the project is delivering outputs as planned and within budget,

The major objectives of the Framework are to streamline and standardise the City's approach to project management so that, where required:

- clear project plans are developed and formally agreed by the Project Sponsor prior to project commencement, with clear lines of responsibility identified;
- there is early identification and appropriate involvement of key stakeholders;
- use of standardised project documentation and IT systems is bedded in;
- timely reporting is carried out to highlight project progress, variations or slippage.

Major Projects require the development of a Business Case which is required to include the following:

- **Background** - details of the circumstances behind the proposal for the project and an explanation of why the project is needed, including any linkages to the Strategic Plan or other Plans. Details are also required on why this need or demand has not been able to be met with existing resources.
- **Project Description and Scope** - Description of the project and an outline of the potential scope of the project and details of the main assumptions and constraints related to the project including staff availability, IT systems, other resources, affordability and the like.
- **Project Objectives and Deliverables** - an explanation of the aims of the project (for example, provide a new facility, provide a new service, provide a new building, compliance with legislation, improved decision making, reduced costs, increased revenue and the like).
- **Benefits Expected** - an outline of the benefits and the added value that the project will provide for the business unit and the City. This will include financial or other including improved compliance, better performance, increased productivity, staff morale and the like and a description of how the improvements will be measured.

- **Options Considered** - Details of any options that may be available or were considered and a summary of the strengths and weaknesses of each including the benefits of the preferred option.
- **Research** - Details of any research that was undertaken to inform the details of the Business Case and support the proposal being made, which may include use of consultants, review of current operations, market research, surveys, industry and market information, reports, visits to other organisations, stakeholder consultation and the like.
- **Interdependencies** - Specify how the project relates to other projects, business activities or systems and ensure alignment with other relevant policy and legislation;
- **Timing and duration** - Estimates of when the project will take place and its likely duration including:
 - reasons why the timing is appropriate;
 - the importance of the timing;
 - the consequences of deferral (for example highly costly or inconvenient, missed opportunity, non-compliance with legislation and the like).
- **Stakeholders** - Details of any groups or individuals who may be involved in the project or whose interests may be affected, positively or negatively, by the completion of the project.
- **Costs and investment appraisal**
 - **Proposed Budget** - Identification of capital and operating costs over the life of the project and on-going after project completion. The proposed budget should include capital and recurrent expenditure, including salaries, equipment, training, professional fees, land acquisition, building fees, and the like, and the identification of any potential revenue or sources of funding or grants.
 - **Investment Appraisal** - Details to illustrate the balance between the development, operational, maintenance and support costs against the financial or other organisational value of the benefits over a period of time.
- **Risk management considerations**
 - **If Project Proceeds** - Details of any significant risks that may be associated with implementing the project, their potential impact and how they may be managed or negated. Risks may include financial, political, environmental, health and safety, legislation, human resources and reputation and the like. Reference is required to be made to the Corporate Risk Management Framework for guidance on assessing risks.
 - **If Project Does Not Proceed** - Details of the risks associated with not undertaking the project and their likely impact. Reference is required to be made to the Corporate Risk Management Framework for guidance on assessing risks.

Service Review Program

The City of Joondalup has a rolling service review program of its services with the aim of ensuring that services:

- Continuously improve;
- Are relevant to the needs of the community;
- Have the capacity to deliver;
- Respond to changing community needs and expectations; and
- Deliver value for money.

Conducting service reviews is one element of the City's Continuous Improvement Program, which is about ensuring the organisation has the appropriate structure and processes in place to enable it to function as an efficient system, and therefore achieve organisational outcomes.

The review process is designed to be robust by:

- Auditing the processes and subsystems involved in providing the service;
- Obtaining the views of key stakeholders of the service;
- Identifying community expectations;
- Benchmarking cost and process information with other local governments, state government, and business organisations; and
- Considering the market and options for service delivery, which will produce the most efficient and economic ways for delivering the service.

The nature of these reviews are to identify and address the major issues, challenges and opportunities for services, and all reviews are conducted internally in full consultation with employees from the Business Unit under review. Priorities for the Service Review Program are identified by the Chief Executive Officer, Audit Review Process, and requests from Directors and Managers.

Each Service Review undertaken has four major objectives:

- 1 *Review the operations of the business units and associated sub-units or service areas with a view to identifying and addressing key problems and issues;*
- 2 *Identify the key barriers to effective service delivery (including resourcing issues) and develop an action plan to assist the Managers and Coordinators of all sub units to effectively manage operations;*
- 3 *Compare and benchmark key aspects of each service with other Local Governments, State Governments, and the Business Sector;*

- 4 *Identify, document and implement process and performance improvements (with particular emphasis on process improvements for dealing with Elected Members and community requests for information and/or services).*

The following are the key stages of each Service Review:

- 1 **Consultation** - The approach taken to consultation is to consider the views of staff as central to each Service Review to ensure adequacy in the identification of internal process and structural issues. Consultation involves facilitated workshops with key staff members from within the Service. In addition to staff workshops, individual interviews are conducted with staff from within and outside the Directorate, Directors, and the Chief Executive Officer. Findings from previous consultation activities by sub-units with customers and external stakeholders are also considered, to determine if the focus of services is in line with customer expectations.
- 2 **Comparative baseline analysis** - To determine a baseline of how the Service is currently performing, an analysis is conducted of a number of activities. Internal comparisons over time are carried out to analyse trends in a number of areas including the following:
 - Processes.
 - Staffing.
 - Workload.
 - Performance against key indicators.
 - Statutory compliance.
 - Customer service.
- 3 **Comparisons with other providers (Benchmarking)** - A number of local governments, state government agencies, and businesses are visited as part of a benchmarking exercise in an attempt to identify good practice and alternative methods of service delivery. Areas of comparison include the following:
 - Processes.
 - Protocols.
 - Structure / service delivery.
 - Business planning and performance management.
 - Costs (overall and unit).
 - Use of information technology.

- 4 **Challenge methodology** – this involves consideration of whether improvements can be made to increasing the efficiency in the delivery of the service or if the service could be delivered more effectively to better meet the needs and aspirations of stakeholders.
- 5 **Competitive analysis** - Consideration of the competitiveness of services in terms of:
- existing contracting arrangements;
 - alternative models of structure and provision for the whole and parts of services;
 - potential for the services to expand, diversify or refocus;
 - potential for process efficiencies.

The Service Reviews undertaken to date have resulted in a prioritised list of Improvement Projects which have been progressed utilising Project Teams, and have resulted in significant improvements across a range of areas including work scheduling, contract management, and health and safety.

The following is a list of some improvements implemented as a result of service reviews with all improvements contributing to increased operational efficiencies:

- Identification of a need for Project Tracking and Reporting System with integration to the Financial System for tracking and reporting approved capital works and other projects. The project went live 1 December 2010.
- Significant improvements to the City's contract management arrangements including training key staff on managing and monitoring contracts and tenders.
- Significant improvements to fleet maintenance and replacement arrangements with implementation of a new system for fleet maintenance and replacement.
- Property Management Review - significant progress on development of a Property Management Review with completion anticipated by April 2011.
- Significant improvements in lost time injuries as a result of changed processes and increased emphasis on health and safety in the workplace.
- Development and implementation of improved service levels for mowing, litter collection, street sweeping.

Business Process Improvement

The Business Process Improvement Program is conducted on an ongoing basis and has resulted in the identification and mapping of all core organisational processes. All process improvement projects involve extensive input from the Business Units responsible for the processes. A number of supplementary processes have also been mapped with the improvement program examining each service and questioning why things are done in a certain way, and making improvements to the processes to achieve efficiencies.

The following are some examples of Business Process Improvement Projects undertaken to date:

- External Events - improvements to processes for applications to the City to hold external events.
- Graffiti Removal - Re-engineering the graffiti removal process, implementing a system workflow to automate the graffiti removal process and developing reports to monitor the performance of the graffiti removal contractors.
- Community Facilities Bookings - improvements to processes associated with customer bookings for community facilities, parks, beaches and tennis courts and reviewing the processes and procedures of Community Facilities Bookings.
- Public Event Approvals - reviewing the processes and procedures to ensure the most efficient service delivery, and implementation of a system workflow to automate the process.
- Capital Works Program - mapping and improvement of the major process for the implementation of the Capital Works Program.

The Internal Auditor has conducted audits of business improvement projects, particularly focusing on the implementation of process improvements, and this will continue on a quarterly basis.

Annual Planning and Budgeting Process

All Business Units are required to develop an Annual Business Unit Action Plan which provides details of approved service levels, projects and programs, and associated Budgets. Presentations are made to the Executive Management Team where all Managers are required to present their Business Plans and Budgets and provide justification for existing service levels, increased service levels, and associated resource requirements.

Particular attention is applied to cost drivers. Budget presentations are required to include overall costs and, where relevant, unit costs.

The process is rigorous and each Manager is subject to extensive questioning from the Executive Management Team on Business Plans and Budgets and the rationale for existing projects and programs, as well as justification for any request for increases to service levels and resources.

Taskforces/Project Teams

The City has established a number of Taskforces (aimed at managing/coordinating the planning and delivery of a specific organisational improvement program) and Project Teams (aimed at resolving a specific problem or carrying out a specific project). An objective of this approach is to create a continuous improvement culture by ensuring that employees are engaged in the identification and implementation of organisational improvements on an ongoing basis.

The following Taskforces are currently in place:

- **Customer Service Taskforce** - established to develop an organisational wide Customer Service Strategy;
- **Information Technology Taskforce** - established to examine and have oversight of the Information Technology systems and services of the organisation and to provide direction on the annual allocation of resources towards Information Technology related projects;
- **Leadership Taskforce** - has a number of objectives including the following:
 - To oversee the systems of good governance practices on behalf of the organisation.
 - To facilitate creation of a work environment that promotes visible and effective leadership systems and activity (formal and informal) at all levels within the organisation.
 - To ensure that people are engaged and enabled to make a meaningful contribution to organisational improvement, and the organisation's goals and success.
 - To lead the development of the organisation's culture and support behaviours consistent with the City's values.
- **Green Taskforce** - established to raise the awareness and practice of environmental sustainability amongst employees and to facilitate continuous improvement practices in reducing the City's environmental footprint in areas of energy, water, materials, waste, biodiversity and transport;
- **Risk Management Taskforce** - has a number of objectives including the following:
 - Review and advise on the Risk Management Framework.
 - Review, assess and make recommendations to the Chief Executive Officer in relation to protocols, procedures and processes to support the risk management framework and the management of corporate risk.

The following provides an example of some activities which are currently the subject of improvement projects: improving communication; getting better information and feedback from customers and using that information to improve service delivery; greater opportunities to put forward innovative ideas, and improvement suggestions; and the reduction of unnecessary bureaucracy that, if eliminated, would result in improved processes and greater efficiencies; risk management and issues; and creating a more environmentally sustainable place to work.

The Taskforces and Project Teams establish a coordinated approach to tackling organisational issues and also provide an opportunity to all interested staff to develop solutions and recommendations to improve processes.

Financial Review Taskforce

The City also has a Financial Review Taskforce chaired by the Director Corporate Services and comprising the Chief Executive Officer, Directors, Manager Financial Services and Internal Auditor with specific objectives related to the financial operations of the City including the following:

- Review and examine organisational income and expenditure to identify and propose expenditure savings and efficiencies and the efficient and effective use of income opportunities.
- To propose on an annual basis management's parameters for budgets and budget preparation.
- Propose financial performance targets for the organisation as a whole and/or specific business units or areas of operation and subsequently analyse actual performance against those targets.
- Assess and advise on the annual review of the Strategic Financial Plan prior to its submission to the Strategic Financial Management Committee for subsequent recommendation to Council.
- Examine, investigate, review and/or make recommendations on any other matter pertaining to the financial operations of the City referred to it by the Chief Executive Officer or the Executive Management Team.

The Financial Review Taskforce meets on a monthly basis.

Legislation/Strategic Plan/Policy Implications

Legislation

Local Government Act 1995

3.1 General Function:

- (1) The General Function of the local government is to provide for the good government of persons in its district.

3.18 Performing Executive Functions:

- (3) A local government is to satisfy itself that services and facilities that it provides:

(c) Are managed efficiency and effectively

Strategic Plan

Key Focus Area: This item has a general connection to the Strategic Plan as it is related to service delivery across all areas.

Policy Business Excellence Policy

Risk Management considerations:

The City's approach to continually reviewing and improving service delivery is structured and systematic and has been developed in alignment with the Business Excellence Framework. The Framework was developed in response to calls by the Commonwealth Government and Industry that Australian Enterprises should become more efficient, effective, and competitive. The Framework is regularly reviewed and updated to reflect best practice.

The Programs described in this report are intended to ensure that the City is continually assessing and improving service planning and delivery.

Financial/Budget Implications:

The approach outlined in this report has been designed to make the best use of operational budget resources and, wherever possible, identify improvements in efficiency and effectiveness and apply these to service delivery.

Regional Significance:

The identification of improvements to service delivery includes an examination of opportunities to work in partnership with local governments in the North West Metropolitan region. Examples of this include tourism and economic development.

Sustainability implications:

The Business Excellence Framework describes a set of principles and practices for the achievement of long term success and sustainability for organisations. The approach and programs described in this report have been designed to sustain efficient and effective service delivery thereby making the best use of operational budgets.

Consultation:

Not Applicable.

COMMENT

The City of Joondalup is a high performing local government delivering quality, efficient services that respond to the needs of the community and is increasingly working in partnership with other agencies across the public and voluntary sectors to make greater use of available resources, coordinate service delivery and make service improvements.

The City has a business approach to service delivery in that it listens to what customers want, invests in a quality workforce and works hard to deliver and improve services within the allocated operational budget.

The City proactively works with other agencies (local government, state government, and private) to compare and evaluate processes, costs and outcomes, and uses such comparisons and benchmarking to increase efficiency. Overall costs and units costs are benchmarked, where possible, with agencies providing similar levels of standards and service.

Benchmarking is an important component of the City's approach to continuous improvement and is not only incorporated into service review and business process improvement projects but is applied to the whole organisation by benchmarking against recognised frameworks (Business Excellence Framework, Audit Commission) and with the Queensland Local Government Department and NSW Local Government Department.

The processes described above provide a snap shot of some of the mechanisms in place to ensure that the Operating Budget is developed from solid planning based on customer research and need, benchmarking costs and processes, fees and charges, and project and service priorities, and that continuous review and improvement to processes and service levels is an organisational priority.

The reporting mechanisms within the City are extensive and include monthly executive reports providing financial, customer, process, and staff key performance indicator information. These reports are supplemented by monthly Business Unit reports and Major Project Reports which are reviewed by the Chief Executive Officer and Directors at the Executive Management Team meetings.

The programs and processes described in this report have been designed to achieve the following:

- A clear and sustained focus on value for money.
- A structured methodology to make sustainable improvements to systems, processes and practices.
- New skills and knowledge development that can be applied to make real differences to productivity and effectiveness.
- Commitment to a shared purpose.
- A culture of continuous improvement, which is integrated into normal business operations.
- Solutions to address operational challenges.
- Assistance in achieving Business Excellence goals and objectives.

Customer satisfaction is often the ultimate indicator of efficiency of processes. The recent Customer Satisfaction Survey conducted for the City, and benchmarking results shows that the City is performing well in all areas, compared with other local governments. Benchmarking results are detailed in Attachment 1.

The approach to continuous improvement described in this report demonstrates the strong commitment by the City to delivering and improving value for money – and this is reflected in key corporate documents and expenditure decisions. The City consistently seeks to improve value for money through comparison, where available and relevant, of comparable unit costs and processes.

VOTING REQUIREMENTS

Simple Majority

OFFICERS RECOMMENDATION: That the Strategic Financial Management Committee RECEIVES the Report detailing Operational Budget Expenditure and the programs in place to improve efficiencies and effectiveness in service delivery.

Motion to defer

MOVED by Mayor Pickard, **SECONDED** by Cr Fishwick that the Item relating to the Operational Budget – Operational Efficiency Program be deferred to the next meeting of the Strategic Financial Management Committee.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs Amphlett, Fishwick, McLean, Norman, Chester, and Mayor Pickard.

Appendix 1 refers

To access this attachment on electronic document, click here: [Attach1agnSFMC020311.pdf](#)

Moved to Motions of Which Previous Notice Has Been Given

**ITEM 3 CAR PARK UTILISATION AND MULTI-STOREY
CAR PARKS****WARD:** All**RESPONSIBLE:** Mr Mike Tidy, Director Corporate Services**FILE NUMBER:** 57618, 53469**ATTACHMENTS:**

Attachment 1	Car Park Occupancy Rates
Attachment 2	Model 1 - Fee \$1.00 per hour
Attachment 3	Model 2 - Fee \$2.50 per hour
Attachment 4	Model 3 - Fee \$4.25 per hour
Attachment 5	Model 4 - Fee \$3.85 per hour (No Land Value)

PURPOSE

To present to the Strategic Financial Management Committee (SFMC) the car park utilisation data and the model used to assess the financial viability of constructing a multi-storey car park in the Central Business District (CBD).

EXECUTIVE SUMMARY

Car park occupancy is calculated on the basis of revenue collected and verified by random physical count of cars parked at each location. Attachment 1 shows the location and occupancy ratios of the City's car parks.

Details of the model used to assess the financial viability of a multi-storey car park are also provided. The report describes the assumptions used, the scenarios assessed and the outcome of the assessment.

The financial assessment indicates that a starting parking hourly rate of \$2.50 will be required to achieve a break even in 20 years. It also shows that the parking rate needs to be set at \$4.25 per hour to break even at the start of operation.

Given that the highest hourly rate in the short term car parks is currently \$1.00, raising the fee to the level required to break even may not be viable in the short to medium term.

BACKGROUND

At its meeting held on 14 September 2010, the Strategic Financial Management Committee requested a report on the detailed costs and model for the construction of multi-storey car parks in the Central Business District, including the current car park utilisation assessment.

DETAILS**PAID PARKING**

Paid parking has been in place in the City since October 2008. Since its introduction the following major benefits have been identified:

- On street parking is now firmly established as short stay parking to conduct business, or for professional type appointments, with frequent turnover of parking availability.
- Off street parking in car parks is now firmly established as the place to park for workers, commuters and others who require being in the City Centre for longer periods.
- Off street car parks that offer an all day parking rate have good levels of occupancy, which demonstrates that commuters are taking advantage of the all day parking rate. Likewise, car parks which only offer an hourly rate, such as the Lotteries House car park, are seeing reasonable turnover from users who need to be in the City Centre for longer than the times available using on street parking.
- The Parking Facility Reserve established to hold the surplus from paid parking is now at the level where monies are able to be used for the development and provision of facilities in the City Centre, such as funding the CAT bus service, in addition to parking.

Since 2008, the City has also continued to refine the Parking Scheme, with some 28 minor amendments made to assist residents, business owners and visitors make the most of the parking opportunities available. These include:

- Creating information booth parking bays in Elcar Street Car Park.
- Changing on street parking bays from one hour to two hour parking outside CentreLink.
- Development of six "15 minute" parking bays outside the Lakeside Deli in Lakeside Drive.
- The provision of three short term parking bays and a "no stopping" zone at the south end of Barron Parade, to assist the Joondalup Business Centre and other local enterprises.
- The creation of an "Emergency Service Vehicle Only" access bay at the Lotteries House car park.
- The creation of a "No Verge Parking" zone on Joondalup Drive between Eddystone Avenue and Injune Way to combat the dangerous parking occurring as a consequence of the construction of the Motor Trade Training Centre.

One unanticipated aspect of paid parking is the continued high level of infringements. While there is an income aspect to infringements, the object of enforcement is not revenue generation, but rather trying to achieve compliance with parking regulations, in order to optimise the availability and deliver best use of the City's parking resources.

The City regularly monitors the rate at which motorists offend. For the period from 1 January 2009 to 31 December 2010, 24,564 different vehicles were infringed in the City Centre. Of these, 21,342 were vehicles that have only had one infringement recorded against them. This suggests that the vast majority of motorists have learnt from the experience, have become familiar with the parking requirements and do not re-offend. The remaining infringements were in relation to vehicles that have multiple infringements recorded against them. One vehicle had 29 separate infringements, five vehicles had between 20 and 29 infringements, 19 vehicles had between ten and 19 infringements, 79 vehicles had between six and nine infringements, 758 vehicles had between three and five infringements and 2,360 vehicles had two infringements.

The City continues to refine and improve the delivery of parking services in to assist residents, business owners and visitors make the most of the parking opportunity available.

CAR PARK UTILISATION

The table below shows the car park utilisation ratios as calculated for the financial year ended 30 June 2010.

Car Park Utilisation Ratios								
	Car Park	Stay	Bays	Hourly rate	Maximum Bay/Daily Revenue	Maximum charge	Actual Charge	Utilisation Indicator
P1	McLarty/Shenton	Long	178	\$0.60	\$3.00	\$147,651	\$114,925	77.8%
P2	McLarty	Short	137	\$0.80	\$8.00	\$303,044	\$170,364	56.2%
P3	Davidson/Boas	Long	140	\$0.60	\$3.00	\$116,130	\$ 85,010	73.2%
P4	Davidson/Reid East	Long	70	\$0.60	\$3.00	\$ 58,065	\$ 45,859	79.0%
T1	Lottery House	Short	149	\$0.80	\$8.00	\$329,588	\$152,639	46.3%
T3	Lawley Court	Long	245	\$0.40	\$2.00	\$135,485	\$ 69,262	51.1%

The above utilisation ratios represent the total revenue collected as a percentage of the maximum collectable revenue if the car park was fully occupied at all chargeable hours.

The ratios derived have also been substantiated by physical counts of parked cars at different times and days in each location.

The utilisation ratio at Lawley Court is negatively affected by the low occupancy rate at the beginning of 2009/10 and was improved following the lease of 166 bays to the Joondalup hospital for its staff. The hospital has subsequently reduced the number of leased bays to 136.

Preliminary indication of the utilisation levels this financial year have now exceeded 90% at the long term car parks and has increased to 68% at Lawley Court. This is predominantly caused by the current development in the Joondalup Health Campus.

Utilisation ratios at the two short term car parks remain relatively unchanged. Attachment 1 shows the location of the car parks and their occupancy ratios.

MULTI STOREY CAR PARK FINANCIAL ASSESSMENT MODEL

The City assessed the financial viability of constructing a multi-storey car park at the McLarty Avenue Car Park site. The development proposes including retail shops on the ground floor, office space on the first and second floors and four to five levels of decked parking.

The capital cost estimates used in the model were guided by the recent development costs of the Elders Street Car Park at the City of Perth and were considered reasonable by Davis Langdon, Quantity Surveyors.

The assumptions used in the evaluation model are as follows:

Construction

- 450 car parking bays, constructed at \$35,000 per bay.
- Retail space of 350m² and office space of 700m² at a cost of \$3,500 per m².
- 10% of construction costs for consultancy and contingencies each.
- Escalation costs excluded.
- Land Value of \$2,600,000.

Parking

- Average short term parking of two hours with a turn over factor of three, with no all day parking.
- 3.5% annual increase in operating costs.
- 4% annual increase of parking fees.

Retail

- Starting rent of \$450 per m² per annum including outgoings.
- 3% triennial rent review.
- Provision for refurbishment and landlord expenditure of 2% and 5% of income respectively.

Office

- Starting rent of \$300 per m² per annum including outgoings.
- 3% triennial rent review.
- Provision for refurbishment and landlord expenditure of 2% and 5% of income respectively.

Three models (attachments 2, 3 and 4) take into consideration the land value and use 7% as the cost of funds, which is also used as the discount rate or the required rate of return.

Based on the above assumptions the assessment indicates that at a starting parking hourly rate of \$1.00 (attachment 2 bearing in mind \$1.00/hour is the current highest hourly rate) the project will not break even in the first 20 years. At \$2.50 (attachment 3) it will take 20 years to break even. The parking rate needs to start at \$4.25 per hour (attachment 4) to break even at the start of operation.

The outcome of this assessment is based on the assumptions used. Any variation to any of these assumptions will produce a different outcome.

By way of example a further model (attachment 5) shows the outcome if the land value is excluded from the calculations. In this case a parking hourly rate of \$3.85 would enable break even from commencement. Excluding the land value does not recognise the true full cost of the project.

While the development may not be viable purely on financial grounds, other considerations may need to be examined to determine any social or community benefit that may justify a certain level of financial subsidy for the project to materialise.

Further details of the financial analysis are provided in the attachments.

Issues and options considered:

The multi storey car park proposal considered the inclusion of retail and office accommodation in the development. The analysis also considered the financial impact of different levels of hourly fees on the outcome.

Legislation/Strategic Plan/Policy Implications

Legislation	Section 3.59 of the Local Government Act 1995 – Commercial Enterprises by Local Governments. Part 3 of the Local Government (Function and General) Regulations 1996.
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Strategic Plan

Key Focus Area:	Leadership and Governance
Objective:	To lead and manage the City effectively
Policy	Financial Planning – Strategic Matters

Risk Management considerations:

The assessment is based on certain assumptions. Any change in the assumptions used will affect the outcome of the assessment. However, a full business case will be required, including full risk assessment, if this development is to progress.

Financial/Budget Implications:

No financial implications exist at this stage.

Regional Significance:

The development of a multi-storey car parking facility within the Joondalup CBD has the potential to enhance its infrastructure and assist its development as a major regional centre in the Perth Metropolitan area.

Sustainability implications:

Development of multi-storey car parks may be seen as encouraging the use of cars for transport with possible negative environmental implications.

Consultation:

The construction costs and subsequent operating costs and revenue have been applied after consultation with a quantity surveyor and relevant City personnel.

COMMENT

An assessment of the financial viability of developing a multi-storey car park in the CBD has been conducted. It indicates that the development is not financially viable in the very near future. Other considerations ought to be examined if the development is to be pursued.

OFFICERS RECOMMENDATION: That the Strategic Financial Management Committee RECEIVES the report detailing Car Park Utilisation and Multi-Storey Car Parks.

MOVED Cr Fishwick SECONDED Cr McLean that the Strategic Financial Management Committee RECOMMENDS that Council:

- 1 RECEIVES the report detailing Car Park Utilisation and Multi-Storey Car Parks;**
- 2 REQUESTS an additional report for a future meeting of the Strategic Financial Management Committee detailing scenarios and timing for the development of a Multi-Storey Car Park.**

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs Amphlett, Fishwick, McLean, Norman, Chester, and Mayor Pickard.

Appendix 2 refers

To access this attachment on electronic document, click here: [Attach2agnSFMC020311.pdf](#)

ITEM 4 EXAMINATION OF FIVE CITY FREEHOLD PROPERTIES FOR POTENTIAL DISPOSAL**WARD:** All**RESPONSIBLE** Mr Martyn Glover, Director Infrastructure Services**FILE NUMBER:** 63627**ATTACHMENTS:** Attachment 1 Summary of all Valuations
Attachments 2 to 6 Valuation and Planning Information on the Subject Five City Freehold Properties

PURPOSE

For the Strategic Financial Management Committee (SFMC) to consider the disposal of five City owned freehold lots in accordance with Section 3.58 and 3.59 of the *Local Government Act 1995* (the Act) as part of a review and rationalisation of land holdings owned by the City.

EXECUTIVE SUMMARY

At its meeting held on 14 September 2010, a report regarding the proposed disposal of nine City freehold properties was considered by the SFMC. As part of the SFMC's resolution to that report, a request was made that further properties be identified for disposal. Five additional properties were identified and valuations obtained; a summarised valuation report is shown as Attachment 1. There are buildings on three of the subject lots.

Attachments 2 to 6 provide more detailed valuation and property information on the five properties.

For the City to achieve the highest valuations on any of the properties, immediate disposal is not an option. In order to achieve the highest valuation, amending District Planning Scheme No. 2 will be required to four properties, which could take up to two years to complete.

BACKGROUND

Reports have been submitted to the SFMC on 27 April 2010, 8 June 2010 and 14 September 2010 related to examining the disposal potential of City freehold land. Part of SFMC's recommendation of the 14 September 2010 was that it:

- "5 *REQUESTS an additional report be presented to the next Strategic Financial Management Committee Meeting identifying the next lot of properties for possible rationalisation by the City.*"

Acting upon part 5 above, a number of residential development scenarios were submitted to valuers on an additional five freehold lots. An overview of the valuation information is shown on Attachment 1. Attachments 2 to 6 provide valuation details, comments from City Planners and location plans.

Detailed below is general valuation information provided by the valuer, together with further relevant planning information.

Valuation Information

The various valuation scenarios contained within the report have been calculated on a direct comparison methodology through the drawing of inference from comparable sales. Detailed investigations were undertaken into recent transactions of residential englobo and grouped housing sites primarily through the northern suburbs.

The aged persons development scenarios that include a condition on the contract of sale restricting the use of the land to aged persons accommodation can be considered a benefit to a prospective developer of aged persons housing, as it provides some certainty to the proposed future use of the land.

The deferment period relates to the time it would take to obtain planning approval and all the other related approvals, which could be up to two years.

Site Contamination:

As a consequence of the *Contamination Sites Act 2003*, a public register is now maintained in Western Australia on land that has been classified as being either contaminated or requiring remedial work. The valuers have searched the register and as at the date of the valuations the subject lots were not classified as being contaminated or requiring remedial work. The valuers state that they are not qualified to provide advice on the physical condition of the land, nor are they aware of any environmental audits or geotechnical reports. They have therefore assumed that there is no on-site contamination or defects for the purpose of the valuations.

Acid Sulphate Soil Risk

All five properties indicate the potential of acid sulphate soils, relatively common throughout the metropolitan area and, if left undisturbed, pose no issue. The soil risk can be managed by following Department of Environment and Conservation guidelines and may possibly require a desk top audit or soil analysis.

Planning Information

The Draft Local Housing Strategy (LHS) has identified ten Housing Opportunity Areas (HOA) which are considered suitable for higher residential densities. Properties in these areas could be developed to accommodate a greater number of dwellings. Only one property is in a HOA and that is Lot 1001 (14) Camberwarra Drive, Craigie which is in HOA 5.

The Draft LHS was advertised from 17 June until 16 August 2010 and a report was presented to Council at its meeting held on 15 February 2011.

It should be noted that sale and best use of the land is only one aspect of the potential disposal of City owned land, and that planning considerations and the ongoing costs of servicing the sites once they are developed also need to be taken into consideration.

DETAILS

Issues and options considered:

Attachment 2 - Lot 1001 (14) Camberwarra Drive, Craigie

The property known as Craigie Children's Language Centre/Craigie Child Health Centre is on Lot 1001. The Department of Education (DOE) had a 'held over' lease for the language centre area which ended on 31 December 2010. The remaining area of the building is utilised by the Department of Health (DOH) for the Craigie Child Health Centre (CHC). The City is currently working with the DOH to rationalise their Child Health Centres including relocating the Craigie CHC thereby releasing the building for disposal.

This site has been included in HOA 5 of the City's Draft LHS which proposes a dual density of R20/30 and the valuation for this is \$710,000 which is not the highest valuation. The highest valuation of \$780,000 is for Residential/R40 (Restricted Use – Aged Persons Housing).

The valuer has advised that the site is well suited to aged persons development given its proximity to existing local shopping facilities and good access to public transport.

Potential lot yields are shown on Attachment 2.

The options available to the City include disposing of the land as:

1. Residential/R20, including a relevant condition on the contract of sale to restrict the land use to aged persons development, at a valuation of **\$750,000**;
2. Residential/R20 unencumbered, at a valuation of **\$720,000**;
3. Residential/R20 restricted use – aged persons housing (requiring a scheme amendment to occur), at a valuation of **\$670,000**;
4. Residential/R40 unencumbered (requiring a scheme amendment to occur), at a valuation of **\$750,000**;
5. Residential/R40 restricted use – aged persons housing (requiring a scheme amendment to occur), at a valuation of **\$780,000**;
6. Residential dual code R20/R30 (requiring a scheme amendment to occur) at a valuation of approximately **\$710,000** following adoption of the Local Housing Strategy.

Attachment 3 - Lots 642/643 (57/59) Marri Road, Duncraig

The property known as Duncraig Pre-School/Duncraig CHC is on Lots 642 and 643. The DOE has a lease for the pre-school area until 31 October 2013. The remaining area of the building is utilised by the DOH's Duncraig CHC. The DOH has advised that it is prepared to relocate this child health service to the vacant space at the former Davallia Pre School at 487 Beach Road, Duncraig. Therefore this property has the potential for disposal after 31 October 2013.

The highest valuation of \$890,000 is the same for two development scenarios; its current zoning of Residential/R20 and the zoning of Residential R40 (Restricted Use – Aged Persons Housing).

Potential lot yields are shown on Attachment 3.

The options available to the City include disposing of the land as:

1. Residential/R20, including a relevant condition on the contract of sale to restrict the land use to aged persons development, at a valuation of **\$890,000**;
2. Residential/R20 unencumbered, at a valuation of **\$845,000**;
3. Residential/R20 restricted use – aged persons housing (requiring a scheme amendment), at a valuation of **\$790,000**;
4. Residential/R40 unencumbered (requiring a scheme amendment to occur), at a valuation of **\$850,000**;
5. Residential/R40 restricted use – aged persons housing (requiring a scheme amendment to occur), at a valuation of **\$890,000**;

The valuer advised that the easiest way to dispose of the property is with its current zoning of Residential/R20 as two separate residential lots. The land is considered well suited to aged care development given its proximity to existing aged persons development and good access to public transport. Planning advice is that Residential/R20 is consistent with the surrounding area, however, higher density of R40 may be supported due to the close proximity to the commercial sites and an existing adjacent R40 site.

Attachment 4 - Lot 77 (23) Gibson Avenue, Padbury

Valuation advice for this site outlines that the highest valuation of \$2,160,000 is achieved by the zoning of Residential/R40 (Restricted Use – Aged Persons Housing) which would require an amendment to District Planning Scheme No. 2. Its current zoning of Residential/R20, with the inclusion of a condition (Restricted Use – Aged Persons Housing) has a valuation of \$1,900,000.

The valuer further added that this is a prime residential development site that would be well suited to aged persons accommodation. This is due to its proximity to the Padbury Shopping Centre, the Padbury Centre which includes medical rooms and the availability of public transport.

Planning advice is that the R20 density code is consistent with the surrounding area. The use of the site for aged persons at R20 may be supported as the site is in close proximity to a commercial site which has the potential to provide for the needs of the residents. Although an R40 density code is out of character with the existing residential area, the same comment related to the commercial site would apply and therefore the proposed density increase may be supported.

Potential lot yields are shown on Attachment 4.

The options available to the City include disposing of the land as:

1. Residential/R20, including a relevant condition on the contract of sale to restrict the land use to aged persons development, at a valuation of **\$1,900,000**;
2. Residential/R20 unencumbered, at a valuation of **\$1,810,000**;
3. Residential/R20 restricted use – aged persons housing (requiring a scheme amendment to occur), at a valuation of **\$1,680,000**;
4. Residential/R40 unencumbered (requiring a scheme amendment to occur), at a valuation of **\$2,060,000**;
5. Residential/R40 restricted use – aged persons housing (requiring a scheme amendment to occur), at a valuation of **\$2,160,000**.

Attachment 5 – Lot 971 (52) Creaney Drive, Kingsley

Valuation advice for this site is that rezoning the land from its current Civic and Cultural zoning to Residential/R40 (Restricted Use – Aged Persons Housing) achieves the highest valuation of \$2,850,000. The valuer also advised that this is a development site that is well suited to aged persons development given the site's proximity to Kingsley Village Shopping Centre and Kingsley Professional Centre. There is a reciprocal access and car parking agreement that applies to this lot and the adjacent lots which run with the title. Should the land be disposed of, a new agreement would be required to be drawn up for the proposed purchaser to enter into. This encumbrance reduces the area for development to 9,400m².

Planning advice is that the R20 density code is consistent with the surrounding area. The use of the site for aged persons at R20 may be supported as the site is in close proximity to a commercial site which has the potential to provide for the needs of the residents. Although an R40 density code is out of character with the existing residential area, the same comment related to the proximity of commercial site would apply and therefore the proposed density increase may be supported.

Potential lot yields are shown on Attachment 5.

The options available to the City include disposing of the land as:

1. Residential/R20, including a relevant condition on the contract of sale to restrict the land use to aged persons development (and a scheme amendment to occur) at a valuation of **\$2,660,000**;
2. Residential/R20 unencumbered (requiring a scheme amendment to occur), at a valuation of **\$2,540,000**;

3. Residential/R20 restricted use – aged persons housing (requiring a scheme amendment to occur), at a valuation of **\$2,360,000**;
4. Residential/R40 unencumbered (requiring a scheme amendment to occur), at a valuation of **\$2,710,000**;
5. Residential/R40 restricted use – aged persons housing (requiring a scheme amendment to occur), at a valuation of **\$2,850,000**;

Attachment 6 Lot 549 (11) Moolanda Boulevard, Kingsley

Lot 549 is a battle-axed site at the rear of Boulevard Plaza shopping centre and to the north of the Masonic retirement village. It has improvements of two leased facilities – Silver Chain Nursing Association and Community Vision's Kingsley Family Day Care – plus a 64 bay car park. The subject area valued was 2,880m² of vacant land.

Valuation advice for this site is that rezoning the land from its current Civic and Cultural zoning to Residential/R40 (Restricted Use – Aged Persons Housing) achieves the highest valuation of \$1,040,000. Additionally, although there is no direct street frontage, which is detrimental where standard residential development is concerned, this is less significant with the development of aged persons accommodation. The valuer considered the site suitable for aged persons accommodation given the proximity to similar development

Planning advice is that the R20 density code is consistent with the surrounding area. The use of the site for aged persons at R20 may be supported as the site is in close proximity to a commercial site which has the potential to provide for the needs of the residents. Although an R40 density code is out of character with the existing residential area, the same comment related to the proximity of commercial site would apply and therefore the proposed density increase may be supported.

Potential lot yields are shown on Attachment 6.

The options available to the City include disposing of the land as:

1. Residential/R20, including a relevant condition on the contract of sale to restrict the land use to aged persons development (and a scheme amendment to occur) at a valuation of **\$900,000**;
2. Residential/R20 unencumbered (requiring a scheme amendment to occur), at a valuation of **\$780,000**;
3. Residential/R20 restricted use – aged persons housing (requiring a scheme amendment to occur), at a valuation of **\$800,000**;
4. Residential/R40 unencumbered (requiring a scheme amendment to occur), at a valuation of **\$990,000**;
5. Residential/R40 restricted use – aged persons housing (requiring a scheme amendment to occur), at a valuation of **\$1,040,000**;

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.

Policy

City Policy - Asset Management
City Policy - Sustainability

Risk Management considerations:

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

There needs to be strict compliance 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 possible that the valuations may not be realised, and the City needs to determine reserve prices, below which it will not sell.

The recommendations for disposal are based on the best financial return, and not necessarily the best planning outcome. It may be considered that the City has an opportunity to set an example of what can be achieved in planning terms.

The disposal for best financial return on the properties does not take into account future ongoing costs to the City of servicing the sites once they are developed, or the potential foregone rate revenue of \$95,000 per annum in local government rates income by setting a condition that the land may only be used for aged person's accommodation.

Financial/Budget Implications:

If the City can resolve the tenancy issue with regard to Lot 1001 (14) Camberwarra Drive, Craigie the property may be disposed of in the short term. The highest valuation is detailed as \$780,000, but this is a deferred valuation. Selling the land with its current zoning of Residential/R20, including a condition on the contract of sale that restricts the use of the land to aged persons accommodation, achieves a valuation of \$750,000.

The four remaining properties have the highest valuations detailed as being those for Residential R40 (Restricted Use – Aged Persons Housing), which would require an amendment to DPS2, Therefore any revenue from their proposed disposal is deferred.

These properties are:

Attachment No.	Address				Highest Valuation
Land that does require an amendment to DPS2 to achieve highest valuation					
3	642/643	57/59	Marri Road	Duncraig	\$ 890,000*
4	23	77	Gibson Avenue	Padbury	\$ 2,160,000
5	971	52	Creaney Drive	Kingsley	\$ 2,850,000
6	549	11	Moolanda Boulevard	Kingsley	\$ 1,040,000
TOTAL					\$ 6,940,000

*Residential/R20 with restrictive condition on contract of sale also has a valuation of \$890,000. The property is tenanted until 31 October 2013.

It should be noted that aged accommodation is generally non-rateable, therefore does not increase the annual revenue stream. Some City services are utilised by occupants of Aged accommodation complexes.

Regional Significance:

There is no regional significance regarding this matter.

Sustainability Implications:

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

Consultation:

Consultation to date has been internal except for valuation advice. A formal advertising process will be required if disposal of the subject land is determined.

The publication of the business plans and any public comments received will be referred to the Council for determination prior to disposal of any of the properties.

COMMENT

The City provided the valuer with a selection of development scenarios related to residential use that included aged persons development. However, sale and best use of the land are only two aspects of the potential disposal of City owned land, planning considerations, and the ongoing costs of servicing the sites once they are developed, need to be taken into consideration.

None of the properties detailed can be disposed of immediately, with Lot 1001 (14) Camberwarra Drive, Craigie having the best potential if the matter of the Craigie CHC can be resolved.

Lots 642/643 (57/59) Marri Road, Duncraig is the only site where the same valuation has been given to both its current zoning of Residential Development/R20 and the proposed amended zoning of Residential/R40 (Restricted Use – Aged Persons Housing).

The recommended action to rezone Lot 642 and 643 Marri Road, Duncraig does not enable or impede the subdivision process nor does it necessarily result in a non conforming use as a 'civic building' or 'kindergarten.' This is due to these uses being 'd' (discretionary) uses in the residential zone, which is not proposed to change. Restricting the use of the site to 'Aged Persons Housing' would result in a non conforming use.

With the remaining four properties, disposal would be dependent on rezoning of the sites by an amendment to DPS2. As these properties have deferred valuations, it would be prudent for the City to take into account the potential market changes over the two year timeframe that it may take for the amendment process to be finalised.

If a decision is made for sale of the identified sites for aged accommodation purposes then the release to the market would need to be phased such that the value is optimised.

There are two factors that need to be taken into account in determining which of the options to pursue. The first is the capital value likely to be achieved through a sale and, secondly, the long term income stream that might be received from the rating of the properties.

VOTING REQUIREMENTS

Simple Majority

OFFICERS RECOMMENDATION: That the Strategic Financial Management Committee RECOMMENDS that Council:

- 1 CONSIDERS the disposal of Lot 1001 (14) Camberwarra Drive, Craigie under Section 3.58 of the *Local Government Act 1995*, subject to the satisfactory resolution of the relocation of the Craigie Child Health Centre;
- 2 CONSIDERS the disposal under Section 3.59 of the *Local Government Act 1995* of the following three lots detailed on Attachments 3 to 5 to this Report:
 - 2.1 Lots 642/643 (57/59) Marri Road, Duncraig;
 - 2.3 Lot 23 (77) Gibson Avenue, Padbury;
 - 2.4 Lot 971 (52) Creaney Drive, Kingsley;
- 3 INITIATES an amendment to District Planning Scheme No 2 to rezone and change the density codes of the following properties:
 - 3.1 Lots 642/643 (57/59) Marri Road, Duncraig from Residential Development/R20 to Residential/R40 (Restricted Use – Aged Persons Housing);
 - 3.2 Supports the amalgamation of Lot 642 and 643 Marri Road, Duncraig which will result in the creation of a new Certificate of Title;

- 3.3 Lot 23 (77) Gibson Avenue, Padbury from Residential/R20 to Residential/R40 (Restricted Use – Aged Persons Housing);
- 3.4 Lot 971 (52) Creaney Drive, Kingsley from Civic and Cultural to Residential/R40 (Restricted Use – Aged Persons Housing);
- 4 SUPPORTS in principle amending District Planning Scheme No. 2 to rezone and change the density code of approximately 2,800m² of Lot 549 (11) Moolanda Boulevard, Kingsley from Civic and Cultural to Residential/R40 (Restricted Use – Aged Persons Housing) identified on Attachment 6 to this Report;
- 5 REQUESTS the City examine access options to allow for legal street access for any lots created through the subdivision of Lot 549.

MOVED Mayor Pickard SECONDED Cr Norman that the Strategic Financial Management Committee RECOMMENDS that Council:

1. **DEFERS consideration of the disposal of Lot 1001 (14) Camberwarra Drive, Craigie until the future of the Craigie Children's Language Centre/Craigie Child Health Centre has been determined by the Department of Education and the Department of Health;**
2. **DEFERS consideration of the disposal of Lots 642 and 643 (57/59) Marri Road, Duncraig until the future of the Duncraig Pre-School/Duncraig Child Health Centre has been determined by the Department of Education and the Department of Health;**
3. **SUPPORTS the disposal under Section 3.59 of the *Local Government Act 1995* of Lot 23 (77) Gibson Avenue, Padbury detailed on Attachment 4 to this Report;**
4. **INITIATES an amendment to District Planning Scheme No 2 to rezone and change the density code of Lot 23 (77) Gibson Avenue, Padbury from Residential/R20 to Residential/R40 (Restricted Use – Aged Persons Housing);**
5. **REQUESTS an additional report be presented to the Strategic Financial Management Committee on options for the disposal of Lot 971 (52) Creaney Drive, Kingsley taking into consideration surrounding business/commercial uses and residential opportunities;**
6. **REQUESTS an additional report be presented to the Strategic Financial Management Committee on the potential for disposal by private treaty for part of Lot 549 (11) Moolanda Boulevard, Kingsley;**
7. **NOTES the income derived from the proposed sale of lots is to be transferred to the 'Performing Arts and Cultural Facility Reserve Fund'.**

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Crs Amphlett, Fishwick, McLean, Norman, Chester, and Mayor Pickard.

Appendix 3 refers

To access this attachment on electronic document, click here: [Attach3agnSFMC020311.pdf](#)

Moved to Item 2.

MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil.

REQUESTS FOR REPORTS FOR FUTURE CONSIDERATION

Nil.

CLOSURE

There being no further business, the Presiding Person declared the Meeting closed at 6.17pm; the following Elected Members being present at that time:

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