ORDINARY COUNCIL MEETING

AGENDA

NOTICE IS HEREBY GIVEN that an Ordinary Meeting of Council will be held in the Council Chambers, Welcome Road, Karratha, on Monday, 31 July 2023 at 6pm

VIRGINIA MILTRUP
CHIEF EXECUTIVE OFFICER

City of Karratha

No responsibility whatsoever is implied or accepted by the City of Karratha for any act, omission or statement or intimation occurring during Council or Committee Meetings. The City of Karratha disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or Committee Meetings.

Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council or Committee Meeting does so at that persons or legal entity's own risk.

In particular, and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a license, any statement or intimation of approval made by any member or Officer of the City of Karratha during the course of any meeting is not intended to be and is not taken as notice of approval from the City of Karratha.

The City of Karratha warns that anyone who has any application lodged with the City of Karratha must obtain and should only rely on

WRITTEN CONFIRMATION

of the outcome of the application, and any conditions attaching to the decision made by the City of Karratha in respect of the application.

Signed: VMiltrup

Virginia Miltrup - Chief Executive Officer

DECLARATION OF INTERESTS (NOTES FOR YOUR GUIDANCE) ***(updated 13 March 2000)***

A member who has a **Financial Interest** in any matter to be discussed at a Council or Committee Meeting, which will be attended by the member, must disclose the nature of the interest:

(a) In a written notice given to the Chief Executive Officer before the Meeting or;

(b) At the Meeting, immediately before the matter is discussed.

A member, who makes a disclosure in respect to an interest, must not:

(c) Preside at the part of the Meeting, relating to the matter or;

(d) Participate in, or be present during any discussion or decision-making procedure relative to the matter, unless to the extent that the disclosing member is allowed to do so under Section 5.68 or Section 5.69 of the *Local Government Act 1995*.

NOTES ON FINANCIAL INTEREST (FOR YOUR GUIDANCE)

The following notes are a basic guide for Councillors when they are considering whether they have a **Financial Interes**t in a matter. I intend to include these notes in each agenda for the time being so that Councillors may refresh their memory.

1. A Financial Interest requiring disclosure occurs when a Council decision might advantageously or detrimentally affect the Councillor or a person closely associated with the Councillor and is capable of being measure in money terms. There are exceptions in the *Local Government Act 1995* but they should not be relied on without advice, unless the situation is very clear.

2. If a Councillor is a member of an Association (which is a Body Corporate) with not less than 10 members i.e. sporting, social, religious etc), and the Councillor is not a holder of office of profit or a guarantor, and has not leased land to or from the club, i.e., if the Councillor is an ordinary member of the Association, the Councillor has a common and not a financial interest in any matter to that Association.

3. If an interest is shared in common with a significant number of electors or ratepayers, then the obligation to disclose that interest does not arise. Each case needs to be considered.

4. If in doubt declare.

5. As stated in (b) above, if written notice disclosing the interest has not been given to the Chief Executive Officer before the meeting, then it **MUST** be given when the matter arises in the Agenda, and immediately before the matter is discussed.

6. Ordinarily the disclosing Councillor must leave the meeting room before discussion commences. The **only** exceptions are:

   6.1 Where the Councillor discloses the **extent** of the interest, and Council carries a motion under s.5.68(1)(b)(ii) or the *Local Government Act*; or

   6.2 Where the Minister allows the Councillor to participate under s5.69 (3) of the *Local Government Act*, with or without conditions.

INTERESTS AFFECTING IMPARTIALITY

DEFINITION: *An interest that would give rise to a reasonable belief that the impartiality of the person having the interest would be adversely affected, but does not include an interest as referred to in Section 5.60 of the 'Act'.*

A member who has an **Interest Affecting Impartiality** in any matter to be discussed at a Council or Committee Meeting, which will be attended by the member, must disclose the nature of the interest;

(a) in a written notice given to the Chief Executive Officer before the Meeting; or

(b) at the Meeting, immediately before the matter is discussed.

IMPACT OF AN IMPARTIALITY CLOSURE

There are very different outcomes resulting from disclosing an interest affecting impartiality compared to that of a financial interest. With the declaration of a financial interest, an elected member leaves the room and does not vote.

With the declaration of this new type of interest, the elected member stays in the room, participates in the debate and votes. In effect then, following disclosure of an interest affecting impartiality, the member's involvement in the Meeting continues as if no interest existed.

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AGENDA

1 OFFICIAL OPENING

Cr Nunn acknowledges the traditions of the Ngarluma people, on whose land we are gathered here today.

2 PUBLIC QUESTION TIME

3 RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE PREVIOUSLY APPROVED

Councillors:	Cr Kelly Nunn [Deputy Mayor]	
	Cr Garry Bailey	
	Cr Margaret Bertling	
	Cr Gillian Furlong	
	Cr Daiva Gillam	
	Cr Geoff Harris	
	Cr Pablo Miller	
	Cr Travis McNaught	
	Cr Daniel Scott	
	Cr Joanne Waterstrom Muller	
Staff:	Virginia Miltrup	Chief Executive Officer
	Angela McDonald	A/Director Corporate & Commercial
	Lee Reddell	Director Development Services
	Simon Kot	Director Strategic Projects & Infrastructure
	Jodie Swaffer	Minute Secretary
Apologies:	Anthony Wear	A/Director Community Services
Absent:		
Leave of Absence:	Cr Peter Long	[Mayor]
Members of Public:		
Members of Media:		

4 REQUESTS FOR LEAVE OF ABSENCE

5 DECLARATIONS OF INTEREST

6 PETITIONS/DEPUTATIONS/PRESENTATIONS

7 CONFIRMATION OF MINUTES AND BUSINESS ARISING FROM MINUTES OF PREVIOUS MEETINGS

OFFICER'S RECOMMENDATION

That the Minutes of the Ordinary Meeting of Council held on Friday, 30 June 2023, be confirmed as a true and correct record of proceedings.

8 ANNOUNCEMENTS BY PERSON PRESIDING WITHOUT DISCUSSION

Date	Meeting	Location
02/06/2023	Rangelands NRM Board Meeting	Online
09/06/2023	Meeting with Minerals Council of Australia	Karratha
14/06/2023	Cooperative Research Centre for Developing Northern Australia (CRCNA) Board Meeting	Cairns
14/06/2023	KDCCI - Grow Local Business After Hours	Karratha
15/06/2023	Australian Mining Cities Alliance Board meeting	Online
16/06/2023	Rangelands NRM Board Meeting	Karratha
17/06/2023	Official Opening of the Kevin Richards Memorial Oval Change & Club Room	Karratha
19/06/2023	Audit & Organisational Risk Committee Meeting	Karratha
19/06/2023	Council Briefing Session	Karratha
20/06/2023	Pre-Conference 4th Meeting of Mining Regions and Cities Karratha	Karratha
21/06/2023	4th OECD Mining Regions and Cities Conference	Karratha
21/06/2023	Meeting with the Governor of Antofagasta	Karratha
22/06/2023	4th OECD Mining Regions and Cities Conference	Karratha
23/06/2023	Regional Capitals Alliance WA Meeting	Karratha
23/06/2023	Meeting with Telstra CEO & Karratha Roundtable	Karratha
26/06/2023	Pilbara Country Zone Meeting	Online
27/06/2023	North West Fibre Committee Meeting	Karratha
27/06/2023	Pilbara Universities Centre Board Meeting	Karratha
29/06/2023	Woodside Q2 Community Liaison Group Meeting	Karratha
30/06/2023	Meeting with Karratha Police	Karratha
30/06/2023	Ordinary Council Meeting	Karratha

9 CHIEF EXECUTIVE OFFICER

Nil

10 CORPORATE & COMMERICAL

10.1 FINANCIAL STATEMENTS FOR PERIOD ENDED 31 MAY 2023

File No: FM.19

Responsible Executive Officer: Acting Director Corporate & Commercial

Reporting Author: Corporate Accountant

Date of Report: 29 June 2023

Applicant/Proponent: Nil

Disclosure of Interest: Nil

Attachment(s):
1. Statement of Financial Activity
2. Variance Commentary – Statement of Financial Activity by Nature and Type
3. Statement of Financial Position
4. Net Current Funding Position

PURPOSE
To provide a summary of Council's financial position for the period ending 31 May 2023.

OFFICER'S RECOMMENDATION

That Council RECEIVE the Financial Statements for the financial period ending 31 May 2023 as shown in Attachments 1 to 4.

BACKGROUND
Regulation 34(1) of the *Local Government (Financial Management) Regulations 1996* requires the City to prepare a monthly statement of financial activity including the sources and applications of funds, as compared to the budget.

DISCUSSION
The following table is a summary of the Financial Activity Statement by Nature and Type compared to the Budget as of 31 May 2023:

2022/23	Original Budget	Amended Budget	Year to Date Budget	Year To Date Actual	YTD Variance	Variance %	Impact on Surplus
Operating Revenue (incl. Rates)	118,747,403	121,490,729	112,739,159	113,555,707	816,548	0.7%	↑
Operating Expense	(114,742,587)	(108,002,429)	(100,865,965)	(107,976,957)	(7,110,992)	7.0%	↓
Non Operating Revenue	68,558,105	23,182,913	14,034,199	31,968,584	17,934,385	127.8%	↑
Non Operating Expense	(94,772,771)	(63,819,171)	(36,361,909)	(28,017,007)	8,344,902	-22.9%	↑
Non Cash Items Included	20,789,922	29,729,963	27,205,954	27,026,422	(179,532)	-0.7%	↑
Restricted PUPP Surplus BFWD 1 July	124,258	124,258	124,258	124,258	0	0.00%	
Unrestricted Surplus BFWD 1 July	1,342,418	4,745,519	4,745,519	4,745,519	0	0.00%	
Surplus/(Deficit) 22/23	**46,746**	**7,451,782**	**21,621,215**	**41,426,526**	**19,805,311**		

This table shows a surplus position of $41.4m, a positive variance of $19.8m compared to the budgeted surplus position of $21.6m, which reflects timing of transactions associated with projects and grant funding.

The restricted balance referred to in the preceding table and throughout this report comprises Pilbara Underground Power (PUPP) Service Charges levied in 2014/15, which are subject to the 10-year instalment option offered by Council. The brought forward unrestricted surplus position after audit adjustments is $4.7m.

In accordance with the materiality threshold adopted by Council for the reporting of variances in Operating Revenue and Expenses, the following comments provide an explanation of material variances which contribute significantly to the total YTD budget variance shown in the above table. Further details are provided later in this report in the Variance Commentary - Statement of Financial Activity by Nature & Type.

Operating Revenue		
1,447,539	▲	Waste Management - Increase in waste revenue from Contaminated Waste.
467,013	▲	KLP Admissions - Successfully launched a fully booked school holiday program bringing in approx. $45k coupled with other larger bookings at the KLP for basketball (NBL booking), Clontarf and gymnastics events.
97,451	▲	Airport Passenger Service - Stronger passenger growth than forecasted.
130,281	▲	Red Earth Arts Precinct - Increased profit due to the number of live shows, movies, venue hire & conferences.
180,079	▲	Investment Property The Quarter - Additional recovery of outgoings expense.
177,374	▲	Airport - RASI grant claimed earlier than expected.
322,244	▲	Reserve interest rates higher than anticipated
171,886	▲	Rates interest charges higher than anticipated
2,993,867	▲	**Positive Variances**
(171,127)	▼	Rates - Interims process before FY23 cut-off less than anticipated.
(128,875)	▼	Aviation Car Parking Fees - Equipment failure. New equipment to be installed June 2023.
(89,428)	▼	Events - Variance due to delay in opening ticket sales for the NEDC Conference (April instead of March) and a slower initial uptake of sales. Sales are expected to increase with additional promotional videos, confirmation of Award finalists, and speakers/Abstracts.
(1,000,000)	▼	Dampier Community Hub - RTIO funding yet to be received.
(500,000)	▼	Wickham Community Hub - RTIO funding yet to be received.
(275,000)	▼	Community Safety - Income not yet allocated from Rio ($100k) and Woodside partnerships ($175k).
(168,787)	▼	Ranger Services - Rio Tinto contribution toward ranger services in the Eastern Corridor not yet transferred offset by contribution to SAFE.
(165,270)	▼	Roebourne Aquatic Centre Grants - Ed Dept contribution to be invoiced at EOFY.
(112,000)	▼	REAF - RTIO contribution to be received
(99,500)	▼	Cossack Art Awards - RTIO contribution to be received.
(75,000)	▼	Airport - Rio Tinto contribution to support development of East Coast Flights. Work in progress.
(345,287)	▼	Proceeds on Sale of Assets and Realisation - Sale of Staff Housing in Walcott Way.
(52,142)	▼	Approvals & Compliance - Higher rate of compliance, stronger focus on education, refunds and staff capacity have all impacted revenue generated from fines.
(3,182,416)	▼	**Negative Variance**
(188,549)	▼	**Net Negative Variance**
Operating Expense		
200,636	▲	Financial Services - Activity based costing to be completed at EOFY.
196,166	▲	Information Services IT - Activity based costing to be completed at EOFY.
483,040	▲	Information Services IT - Delayed local contractor availability across planned infrastructure works.
245,883	▲	Information Services IT - Delays to SharePoint and Vulnerability testing projects due to resourcing constraints. Not anticipated for completion by EOFY.

Operating Expense (continued)		
114,381	▲	Governance - Activity based costing to be completed at EOFY.
134,786	▲	Human Resources - Activity based costing to be completed at EOFY.
87,893	▲	Development Services & Approvals/Compliance - Activity based costing to be completed at EOFY.
101,135	▲	Airport - Activity based costing to be completed at EOFY.
603,778	▲	Operations - Activity based costing to be completed at EOFY.
137,804		Fleet & Plant - Activity based costing to be completed at EOFY.
130,465	▲	Waste Services - Activity based costing to be completed at EOFY.
376,833	▲	Communities - Activity based costing to be completed at EOFY.
307,775	▲	Street Sweeping - Timing of invoicing. To be completed by EOFY.
497,904	▲	General Waste and Recycling Collection - Timing of invoicing. To be completed by EOFY.
305,824	▲	Parks & Gardens - Works across 33 parks under budget. Delays to project works and invoices. Some projects delayed and postponed to next financial year
287,585	▲	Airport - Signage, bollards and panels for baggage lockers to be installed June 2023. Materials and Services for terminal, airside, landside, workshop and office consumables. May invoice pending processing.
223,000	▲	Cossack Road Reseal - Works partially complete, waiting line marking
100,000	▲	City Housing - Wickham Development - Project delayed pending resolution of land tenure.
307,842	▲	Fleet & Plant - Forecast purchasing prices less than anticipated.
189,665	▲	Flare demobilisation cost and monthly rental timing issue. Carry forward balance to 23/24 budget required.
50,000	▲	Strategic Projects - REAP - Resourcing restrictions.
80,000	▲	Strategic Projects - Council Offices- Resourcing restrictions.
75,000	▲	Strategic Projects - Wickham Boat Beach Jetty - Resourcing restrictions.
90,000	▲	Strategic Projects - KRMO Redevelopment - Site Headworks - Resourcing restrictions.
52,435	▲	Community Programs - Read Earth Arts Festival - Invoicing delays. To be updated for EOFY.
350,063	▲	Depreciation is less than expected due to asset revaluation and adjustment.
153,544	▲	Staff Housing and Shakespeare Units insurance premium are less than expected.
159,526	▲	Economic Development Grants - Grant payment to KDCCI for 2022/23 initiatives has not yet been made. 2021/22 acquittals are now complete and 2022/23 contracts executed so payment is imminent. In addition to this TYBO grant transactions are being journaled to the correct account and payment for a number of approved MESAP grants are yet to be finalised.
266,016	▲	Fee Waiver - Timing issue for Roebourne project.
6,308,979	▲	**Positive Variance**
(1,869,327)	▼	Plant Op Costs and overheads still to be allocated for Feb - May. Reduced payroll due to position vacancies.
(10,499,871)	▼	Corporate Services Admin - Activity based costing to be completed at EOFY.
(111,208)	▼	Airport - Increased water usage due to leaks
(68,549)	▼	Nickol West Park - Potable water usage instead of ERS (Effluent Reuse System) and water meter failure causing reading issues
(121,739)	▼	Waste Management - Accounting adjustments to be actioned prior to EOFY
(256,229)	▼	Community Grants - FY22 expenditure brought forward.
(12,926,923)	▼	**Negative Variance**
(6,617,944)	▼	**Net Negative Variance**
Non Operating Revenue		
241,672	▲	Liveability funding claim in progress.
18,828,000	▲	Infrastructure Reserve - Funding for capital projects.
2,974,754	▲	Waste Management Reserve - Landfill capping transfer.
22,044,426	▲	**Positive Variance**
(2,082,744)	▼	Road Maintenance Grants - Project funding delayed due to alternative delivery of construction.
(1,997,100)	▼	Proceeds from disposal of assets less than anticipated due to timing variance of processing asset disposal.
(140,000)	▼	Profit/Loss on disposal of assets less than anticipated due to timing variance of processing asset disposal.
(4,219,844)	▼	**Negative Variance**
17,824,582	▲	**Net Positive Variance**

Non Operating Expense		
245,862	▲	Leisureplex Solar Initiatives - Project delayed due to procurement of material and project finalisation.
179,316	▲	Kevin Richards Club Room - Project delayed due to Contractor delivery and defective work.
133,798	▲	Hancock Way - Six Houses Construction - Design phase delayed due to Consultant delivery.
70,139	▲	Shakespeare Units - Activity based costing to be completed at EOFY.
467,540	▲	KRMO Clubroom - Activity based costing to be completed at EOFY.
66,553	▲	Housing Construction - Jingarri Sites - Activity based costing to be completed at EOFY.
486,384	▲	Airport - Car Park equipment to be installed June 2023.
583,916	▲	Information Technology Hardware Refresh - Delayed delivery - 230k awarded, equipment arriving during May/June, installation ETA July - Possible CFWD to FY24.
136,000	▲	Delayed procurement of planned CCTV equipment replacement - Possible CFWD to FY24.
330,995	▲	Purchase Plant - Roads & Streets - New plant purchase currently on order delivery date is 12/06/23.
90,000	▲	KRMO - Headworks costs isolated from construction Project expenditure.
87,784	▲	7 Mile Waste - Project delayed due to procurement and scope complexity.
52,768	▲	Coolawanyah Rd - Activity based costing to be completed at EOFY.
566,363	▲	Footpath Dampier Rd - Project delayed due to procurement and scope complexity.
50,205	▲	Roebourne-Wittenoom Rd - Works have been completed under budget but as per program.
195,078	▲	Roebourne-Wittenoom Rd - Overheads & Plant Recoveries to be applied by EOFY.
50,205	▲	40 Mile Beach Access - Works have been completed under budget but as per program.
195,078	▲	40 Mile Beach Access - Overheads & Plant Recoveries to be applied by EOFY.
54,912	▲	Cleaverville Road - Works have been completed under budget but as per program.
228,511	▲	Cleaverville Road - Overheads & Plant Recoveries to be applied by EOFY.
56,877	▲	Reseal Bayview Rd - Works have been completed under budget but as per program.
223,000	▲	Reseal Cossack Rd - Works partially complete waiting line marking.
372,500	▲	MOF Road Upgrade - Works partially complete waiting guard rail and line marking.
167,757	▲	Hampton Oval - Project delays resulting in delays to invoices. All received in June2023.
67,199	▲	Playground Replacement - Project deferred to new financial year.
89,952	▲	Retic Upgrades - Delays to works starting due to contractor availability.
140,000	▲	Irrigation Tank Remediation - Invoices received and works completed under budget.
500,000	▲	Dampier Shopping Centre loan final drawdown expected in June.
79,992	▲	Aerodrome Reserve - Transfer to be completed at EOFY pending review of facility surplus and RoI.
283	▲	Dampier Drainage Reserve - Reconciliation of Dampier drainage expenditure to be completed at EOFY. Surplus funding not anticipated.
10,135	▲	Workers Compensation Reserve - Transfers to reserve to occur at EOFY
890,849	▲	Infrastructure Reserve - Review of reserve funding of capital projects to be completed at EOFY
172,701	▲	Partnership Reserve - Reconciliation of surplus partnership funding to be completed at EOFY and reserve transfers processed
430,199	▲	Waste Management Reserve - Transfer to be completed at EOFY pending review of facility surplus.
257	▲	Mosquito Control Reserve - Transfers to reserve to occur at EOFY
131,958	▲	Employee Entitlements Reserve - Transfers to reserve to occur at EOFY
11,494	▲	Community Development Reserve - Transfers to reserve to occur at EOFY
6,500	▲	Medical Services Assistance Package Reserve - Transfers to reserve to occur at EOFY
34,167	▲	Economic Development Reserve - Transfers to reserve to occur at EOFY
Non Operating Expense (continued)		
3,311	▲	Public Open Space Reserve - Transfers to reserve to occur at EOFY
141,688	▲	Lease principal reported in depreciation expense
7,802,226	▲	**Positive Variance**
(4,330)	▼	Repayments to WA Treasury Corp for new Karratha Kats loan
(4,330)	▼	**Negative Variance**
7,797,896	▲	**Net Positive Variance**

FINANCIAL MANAGEMENT UPDATE

Local Government Financial Ratios

Period End 31 May 2023	Target Ratio	Original Annual Budget Ratio	YTD Actual Ratio
Current Ratio Current Assets less Restricted Assets ÷ Current Liabilities less liabilities associated with Restricted assets	1 or above	N/A	2.79
Asset Sustainability Ratio Capital Renewal and Replacement Expenditure ÷ Depreciation	≥ 0.90	0.77	0.31
Operating Surplus Ratio Operating Surplus (excl. capital grants & contributions) ÷ Own Source Revenue	0 – 15%	4.7%	5.6%
Own Source Revenue Ratio Own Source Operating Revenue ÷ Operating Expenses	0.40 or above	0.88	0.92
Debt Service Cover Ratio Operating surplus before interest expense and depreciation ÷ Principal and interest Expense	> 2	73.3	29.1

Statement of Financial Position

	May-23	Apr-23	% Change
	Current		
Assets	95,196,815	95,852,448	-0.68%
Liabilities	16,445,507	14,601,506	12.63%
	Non Current		
Assets	763,065,070	763,786,752	-0.09%
Liabilities	4,227,457	4,227,457	0.00%
Net Assets	837,588,921	840,810,237	

Current Assets decreased by 0.68% from April to May, which was attributable to the increase in Unrestricted Cash and Cash Equivalents and Trade and Other Receivables, offset by a decrease in Restricted Cash and Cash Equivalents and Inventories. Current Liabilities increased by 12.63% due to an increase in Trade and Other Payables. Non-Current Assets decreased by 0.09% due to a decrease in Property Plant and Equipment and Infrastructure. Non-current liabilities did not record any movement.

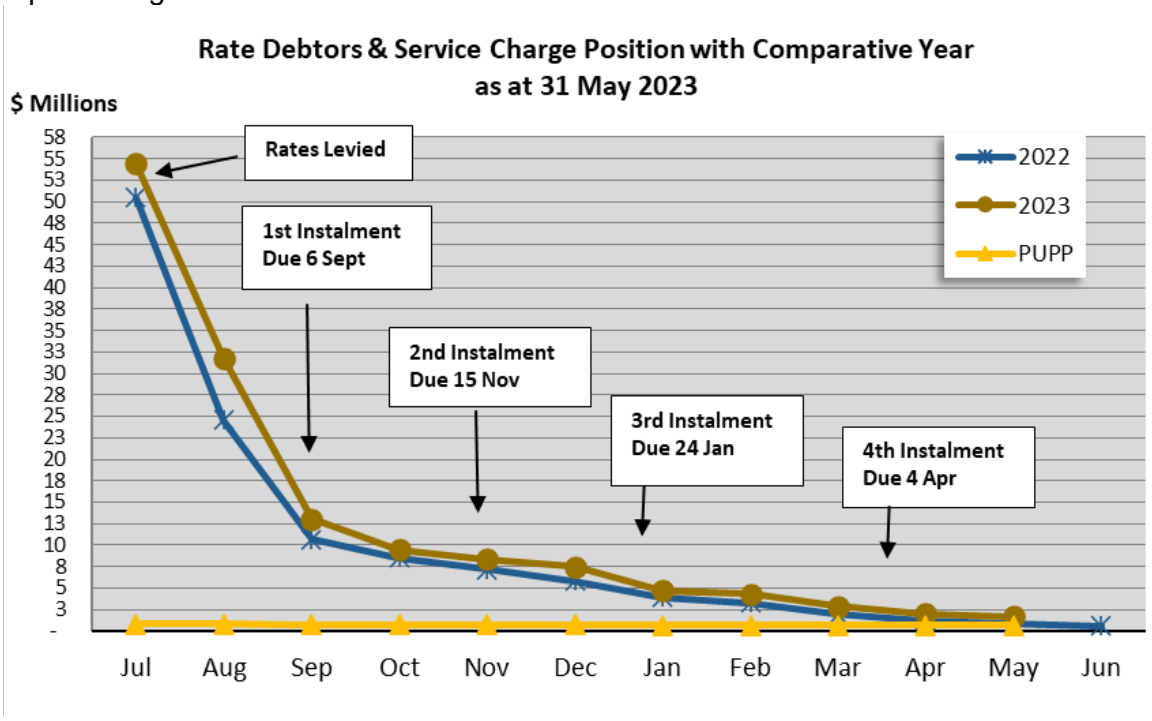
Debtors Schedule

The following table shows Trade Debtors that have been outstanding over 40, 60 and 90 days as at the end May. The table also includes total Rates and PUPP Service Charges outstanding.

Debtors Schedule

	2023 May	2023 April	Change %	% of Current Total
	Sundry Debtors			
Current	6,070,806	4,213,981	44%	78.1%
> 40 Days	403,604	365,528	10%	5.2%
> 60 Days	34,917	485,698	-93%	0.4%
> 90 Days	1,266,676	870,509	46%	16.3%
Total	**7,776,003**	**5,307,818**	47%	**100%**
	Rates Debtors			
Total	**1,683,670**	**1,983,802**	-15%	100%
	PUPP Debtors			
Total	**631,857**	**639,010**	-1.1%	100%

A total of $54.7m of Rates (including ESL and waste charges) have been paid to end of May, representing a collection rate of 96.5% to date.

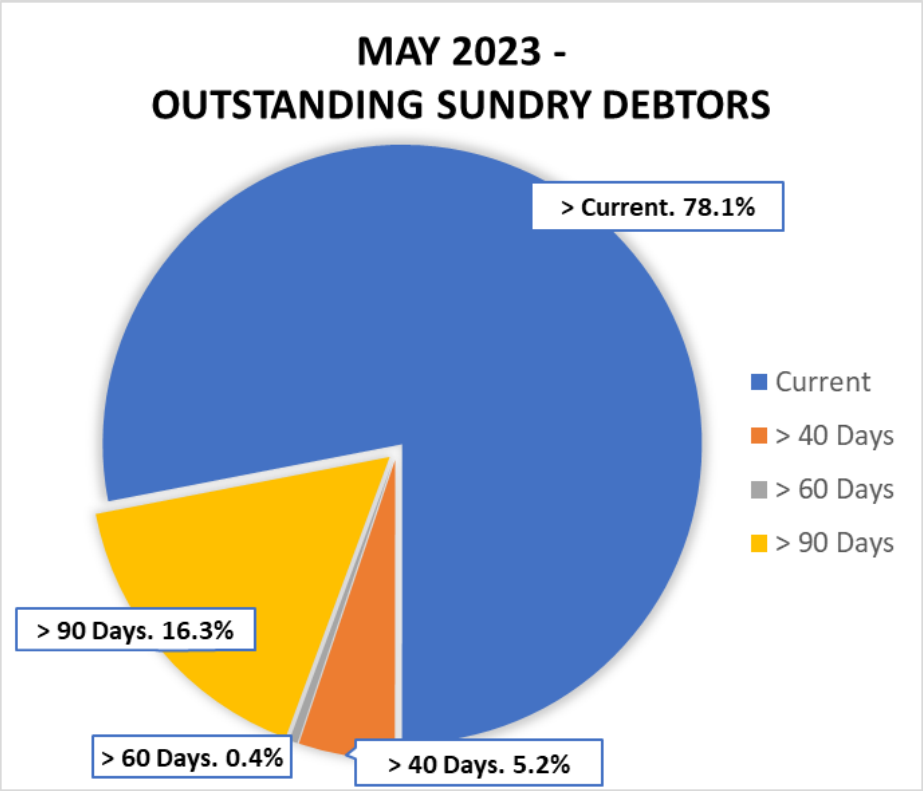


There was no material change from May in the PUPP Debtors balance. PUPP payments have now been received on 99.71% of properties and of those paid, 98.7% have paid in full with 1.30% paying by instalments.

Collection of outstanding debts greater than 40 days is continuing in line with Council policy. The following table highlights outstanding balances for each ageing period for Trade Debtor balances in excess of $5,000.

Debtor Code	Name	40 Days	60 Days	Over 90 Days	Commentary
C529	Corps Earthmoving Pty Ltd	-	-	349,107.84	Relates to Waste Disposal during February 2023. Reminder email sent 01/05/23. Corps confirmed 31/05/23 they will be paying in 5 instalments. Follow up phone calls made 16/06/23 & 20/06/23. Final Demand issued 20/06/23. Payment of $174,568.10 has since been received on the 4 July. Waste account on hold pending full payment.
F174	Flex Cafe	-	510.92	47,624.94	Relates to monthly rent at KLP Café from Sep 2021 - Nov 2022 and utility fees for Jul 2021 - Oct 2022, grease trap removals, annual food inspection fees and penalty interest. Termination notice issued 18/08/22. Flex vacated 01/10/22. Referred to Debt Recovery Agent 22/11/22. Letter of demand issued with no response. General Procedure Claim in progress via Debt Recovery Agent.
H026	Housing Authority	842.80	978.02	5,930	Relates to MGB replacements for Department of Housing. Invoices are dated from June 2022 to April 2023 and penalty interest. Reminder email sent 20/02/23, 12/04/23 & 13/06/23. Final notice issued before being referred to debt collection.

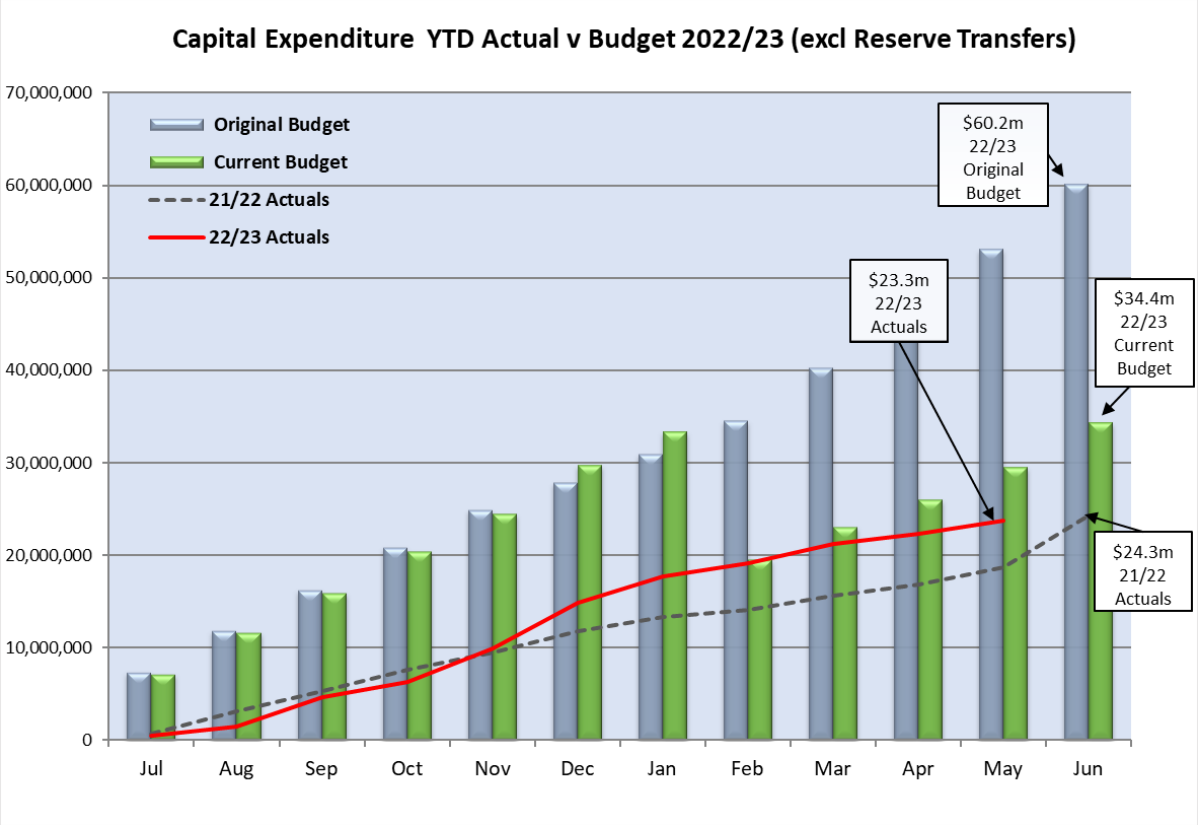
Debtor Code	Name	40 Days	60 Days	Over 90 Days	Commentary
J101	Karratha Skip Bin Hire Pty Ltd	-	35.22	7,081.83	Waste disposal fees for Oct - Dec 2020 plus interest charges. Account is currently cash only. Most recent payment received in Apr 2021. Referred to Debt Collection and Letter of Demand issued in May 2021. Communication with the debtor indicated balance to be paid by Dec 2021 over multiple instalments, however no payments received. Referred to Debt Recovery Agent 22/11/22. Letter of demand issued with no response. General Procedure Claim served in Jan 2023 and Judgement granted in Feb 2023. PSSO (Goods) issued in April 2023.
M379	Move Your Body Studio	-	124.84	22,294.70	Relates to rent for lease at Pam Buchanan Family Centre for Dec 2021 - Aug 2022, utility charges Dec 2021 - Jun 2022. City has received advice from MYBS that they will be entering into voluntary administration. No further updates from Move Your Body and email have been disconnected. Referred to Debt Recovery Agent 22/11/22.
T264	Telstra Corporation Ltd	-	28.31	5,270.60	Relates to annual service charges for electricity connection at Karratha Airport for lease in Power Plant Room and Bayley Ave. Reminder email sent 20/02/23 & 14/03/23. Final notice issued 20/06/23 before being referred to debt collection



Capital Expenditure

Council's current 2022/23 Capital Expenditure budget is $34.4m which includes significant projects such as: the Kevin Richards Club Room, City Housing – Shakespeare, the HSVPP Coolawanyah Road reconstruction and Capital Land – Strategic Land Acquisition. The following table shows capital expenditure is 20.1% below budget for the year to date.

CAPITAL EXPENDITURE						
	YTD			ANNUAL		
Asset Class	YTD Budget	YTD Actual	Variance %	Annual Original Budget	Annual Amend Budget	% of Annual Budget
	31-May-23			30-Jun-23		
Land	1,804,270	1,804,339	0.0%	500,000	1,804,270	0.0%
Artwork	20,801	0	-100.0%	81,836	20,801	0.0%
Buildings	14,402,786	13,127,812	-8.9%	39,579,701	14,929,172	87.9%
Equipment	851,145	376,529	-55.8%	713,404	1,416,593	26.6%
Furn & Equip	853,730	106,839	-100.0%	859,100	881,230	12.1%
Plant	1,439,856	995,826	-30.8%	2,332,000	2,225,856	44.7%
Infrastructure	10,155,934	7,181,410	-29.3%	16,100,287	13,164,757	54.6%
Totals	**29,528,522**	**23,592,755**	**-20.1%**	**60,166,328**	**34,442,679**	**68.5%**



Financial Statements

The financial statements for the reporting period are provided as an attachment in the form of:

- Statement of Financial Activity by Nature and Type.
- Variance Commentary - Statement of Financial Activity by Nature and Type.
- Net Current Funding Position.
- Statement of Financial Position.

LEVEL OF SIGNIFICANCE
In accordance with Council policy CG-8 Significant Decision Making, this matter is considered to be of high significance in terms of Council's ability to perform its role.

Financial integrity is essential to the operational viability of the City but also as the custodian of community assets and service provision. An ability to monitor and report on financial operations, activities and capital projects is imperative to ensure that financial risk is managed at acceptable levels of comfort.

The ability for the City to remain financially sustainable is a significant strategy for a region that is continually under pressure from the resources industry, private enterprise and State Government obligations for the ongoing development of infrastructure and services.

STATUTORY IMPLICATIONS
In accordance with the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*, a Statement of Financial Activity is required to be presented to Council as a minimum requirement.

Section 6.4 of the *Local Government Act 1995* provides for the preparation of financial reports.

In accordance with Regulation 34(5) of the *Local Government (Financial Management) Regulations 1996*, a report must be compiled on variances greater than the materiality threshold adopted by Council of $50,000 or 10% whichever is the greater. As this report is composed at a nature and type level, variance commentary considers the most significant items that comprise the variance.

COUNCILLOR/OFFICER CONSULTATION
Executives and Management have been involved in monthly reviews of their operational and departmental budgets and notifying the Financial Services team of trends and variances arising from their operational areas.

COMMUNITY CONSULTATION
No community consultation is required.

POLICY IMPLICATIONS
The Council's financial reporting is prepared in accordance with Accounting Policy CF12. This is reviewed periodically to ensure compliance with legislative and statutory obligations.

FINANCIAL IMPLICATIONS
The report represents the financial position of the Council at the end of May 2023 with a year-to-date budget surplus position of $21,621,215 (comprising $21,496,957 of unrestricted surplus and $124,258 restricted surplus) and a current surplus position $41,426,526 (comprising $41,302,268 unrestricted surplus and $124,258 restricted surplus). The restricted balance comprises PUPP service charges levied in 2014/15.

STRATEGIC IMPLICATIONS
This item is relevant to the Council's approved Strategic Community Plan 2020-2030 and the Corporate Business Plan 2020-2025. In particular, the Operational Plan 2023-2024 provided for this activity:

Our Programs/Services:	4. c.1.1	Management Accounting Services
Our Projects/Actions:	4. c.1.1.19.1	Conduct monthly and annual financial reviews and reporting

RISK MANAGEMENT CONSIDERATIONS
The level of risk to the city is considered to be as follows:

Category	Risk level	Comments
Health	N/A	Nil
Financial	Low	Completion of the Monthly Financial Activity Statement report is a control that monitors this risk. Strong internal controls, policies and monitoring ensure risks are assessed regularly and managed appropriately. Expenditure and revenue streams are monitored against approved budgets by management and the financial team with material variances being reported.
Service Interruption	N/A	Nil
Environment	N/A	Nil
Reputation	N/A	Nil
Compliance	Low	Financial reports are prepared in accordance with the Local Government Act, Regulations and Accounting Standards.

IMPACT ON CAPACITY
There is no impact on capacity or resourcing to carry out the Officer's recommendation.

RELEVANT PRECEDENTS
This is a monthly process advising Council of the current financial position of the City.

VOTING REQUIREMENTS
Simple Majority.

OPTIONS:

Option 1
As per Officer's recommendation.

Option 2
That Council to:

1. RECEIVE the Financial Reports for the financial period ending 31 May 2023; and
2. APPROVE the following actions:
   a) _____
   b) _____

Option 3
That Council NOT RECEIVE the Financial Report for the financial period ending 31 May 2023.

CONCLUSION
Council is obliged to receive the monthly financial reports as per statutory requirements. Details in regard to the variances and the commentary provided are to be noted as part of the report.

10.2 LIST OF ACCOUNTS – 1 JUNE 2023 TO 30 JUNE 2023

File No:	FM.19
Responsible Executive Officer:	Acting Director Corporate & Commercial
Reporting Author:	Senior Creditors Officer
Date of Report:	4 July 2023
Applicant/Proponent:	Nil
Disclosure of Interest:	Nil
Attachment(s):	1. List of Payments June 2023 2. List of Credit Card Payments (May 2023)

PURPOSE
To advise Council of payments made for the period from 1 June 2023 to 30 June 2023.

OFFICER'S RECOMMENDATION

That Council ACCEPT payments totalling $8,652,854.84 submitted and checked with vouchers, detailed in Attachments 1 and 2 being made up of:

1. **Trust Vouchers: nil;**
2. **EFT 254 to 277 and 5109 to 5678 (Inclusive): $6,155,398.64;**
3. **Cheque Voucher: nil;**
4. **Cancelled Payments: nil;**
5. **Direct Debits: nil;**
6. **Credit Card Payments (May 2023): $15,603.80;**
7. **Payroll Cheques: $2,481,852.40;**

BACKGROUND
Council has delegated authority to the Chief Executive Officer (Delegation 1.6) the power to make payments from the City's Municipal and Trust funds.

In accordance with *Regulations 12 and 13* of the *Local Government (Financial Management) Regulations 1996* a list of accounts paid by the Chief Executive Officer is to be provided to Council, where such delegation is made.

The list of accounts paid must be recorded in the minutes of the Council Meeting.

LEVEL OF SIGNIFICANCE
In accordance with Council Policy CG-8 Significant Decision-Making Policy, this matter is of high significance in terms of Council's ability to perform its role.

COUNCILLOR/OFFICER CONSULTATION
Officers have been involved in the approvals of any requisitions, purchase orders, invoicing and reconciliation matters.

COMMUNITY CONSULTATION
No community consultation is required.

STATUTORY IMPLICATIONS
Payments are to be made in accordance with Part 6, Division 4 of the *Local Government Act 1995* and as per the *Local Government (Financial Management) Regulations 1996*. Payments are to be made through the municipal fund, trust fund or reserve funds. Payments are to be in accordance with approved systems as authorised by the CEO.

POLICY IMPLICATIONS
Staff are required to ensure that they comply under Council Policy CG12 – Purchasing Policy and CG11 - Regional Price Preference Policy (where applicable) and that budget provision is available for any expenditure commitments.

FINANCIAL IMPLICATIONS
Payments are made under delegated authority and are within defined and approved budgets. Payment is made within agreed trade terms and in a timely manner.

Payments for the period 1 June 2023 to 30 June 2023 (including credit card transactions - May 2023) totalled $8,652,854.84, which included the following payments:

- Colin Wilkinson Developments – Brolga/Kingfisher Houses - $212,799
- MSS Security – Airport Security Services (Apr/May 2023) - $401,328
- Damel Cleaning – City Cleaning Programs (Apr/May 2023) - $316,922
- Thomas Building – KRMO Progress Claims - $815,141
- Hitachi Machinery – Purchase Small Excavator - $166,925

Consistent with CG-11 Regional Price Preference Policy, 43% of the value of external payments reported for the period were made locally.

STRATEGIC IMPLICATIONS
This item is relevant to the Council's approved Strategic Community Plan 2020-2030 and the Corporate Business Plan 2020-2025. In particular, the Operational Plan 2023-2024 provided for this activity:

Our Program: 4.c.1.4 Accounts Receivable and Accounts Payable

RISK MANAGEMENT CONSIDERATIONS
The level of risk to the City is considered to be as follows:

Category	Risk level	Comments
Health	N/A	Nil
Financial	Low	Failure to make payments within terms may render Council liable to interest and penalties
Service Interruption	Moderate	Failure to pay suppliers may lead to delays in the future provision of goods and services from those suppliers
Environment	N/A	Nil
Reputation	Moderate	Failure to pay for goods and services in a prompt and professional manner, in particular to local suppliers, may cause dissatisfaction amongst the community
Compliance	N/A	Nil

IMPACT ON CAPACITY
There is no impact on capacity or resourcing to carry out the Officer's recommendation.

RELEVANT PRECEDENTS
There are no relevant precedents related to this matter.

VOTING REQUIREMENTS
Simple Majority

OPTIONS:

Option 1
As per Officer's recommendation.

Option 2
That Council ACCEPT payments totalling $8,652,854.84 submitted and checked with vouchers, being made up of:

1. Trust Vouchers: nil;
2. EFT 254 to 277 and 5109 to 5678 (Inclusive): $6,155,398.64;
3. Cheque Voucher: nil;
4. Cancelled Payments: nil;
5. Direct Debits: nil;
6. Credit Card Payments (May 2023): $15,603.80;
7. Payroll Cheques: $2,481,852.40;

with the EXCEPTION OF (as listed).

CONCLUSION
Payments for the period 1 June 2023 to 30 June 2023 and credit card payments for the period 1 May 2023 to 31 May 2023 totalled $8,652,854.84. Payments have been approved by authorised officers in accordance with agreed delegations, policies and budget.

10.3 INVESTMENTS FOR PERIOD ENDED 31 MAY 2023

File No:	FM.19
Responsible Executive Officer:	Acting Director Corporate & Commercial
Reporting Author:	Corporate Accountant
Date of Report:	29 June 2023
Applicant/Proponent:	Nil
Disclosure of Interest:	Nil
Attachment(s):	Nil

PURPOSE
To provide a summary of Council's investment position for the period ending 31 May 2023.

OFFICER'S RECOMMENDATION

That Council RECEIVE the Investment Report for the financial period ending 31 May 2023.

BACKGROUND
In accordance with section 6.14 of the *Local Government Act 1995* and Regulation 19C of the *Local Government (Financial Management) Regulations 1996*, the City will invest excess funds not required for any specific purpose in authorised deposit taking institutions as defined in *the Banking Act 1959* (Cth) Section 5 and/or the Western Australian Treasury Corporation established by the *Western Australian Treasury Corporation Act 1986*, for a term not exceeding 3 years:

The City's surplus funds are invested in bank term deposits for various terms and Property related investments to facilitate maximum investment returns in accordance with the City's Investment Policy (CF03).

The City also seeks to support Council's strategic goals through investment in property in accordance with the City's Investment Policy – Property (CF04).

DETAILS
Details of the investments are included in the report
- Schedule of Cash and Financial Investments
- Allocation of Cash and Financial Investments
- Schedule of Maturity of Cash and Financial Investments
- Schedule of Liquidity
- Schedule of Other Investments
- Aging of Outstanding Lessees Balances
- Schedule of Loan Agreement

Schedule of Cash and Financial Investments

The following table indicates the financial institutions where the City has investments as of May 2023

Institution	Accounts	Principal Investment $	Balance 31 May 2023 $	Interest %	Investment Term	Maturity	Source
RESERVE FUNDS							
WBC	Business Premium Cash Reserve		21,006	2.25	At Call		Reserve at Call
WBC	Reserve Term Deposit	12,000,000	12,389,155.07	4.11	12 months	Aug-23	Reserve TD
WBC	Reserve Term Deposit	6,500,000	6,711,924.93	4.22	12 months	Aug-23	Reserve TD
WBC	Reserve Term Deposit	5,000,000	5,130,054.79	4.70	12 months	Nov-23	Reserve TD
BOQ	Reserve Term Deposit	4,000,000	4,081,523.29	4.30	12 months	Dec-23	Reserve TD
CBA	Reserve Term Deposit	6,000,000	6,089,506.85	4.95	12 months	Feb-24	Reserve TD
CBA	Reserve Term Deposit	20,000,000	20,025,693.15	5.21	12 months	May-24	Reserve TD
MUNICIPAL FUNDS							
WBC	Municipal Term Deposit	4,000,000	4,121,167.12	4.55	9 months	Jun-23	Muni TD
WBC	Municipal Term Deposit	7,000,000	7,204,936.99	4.11	10 months	Jul-23	Muni TD
CBA	Municipal Term Deposit	2,500,000	2,531,476.03	5.05	12months	Mar-24	Muni TD
WBC	Municipal (Transactional)		19,585,767.03	3.70	At Call		Muni at Call
N/A	Cash on Hand		-	0.00			Muni
	TOTAL	**67,000,000**	**87,892,211**				
The balance of all Term Deposits includes interest accrued to 31 May 2023							

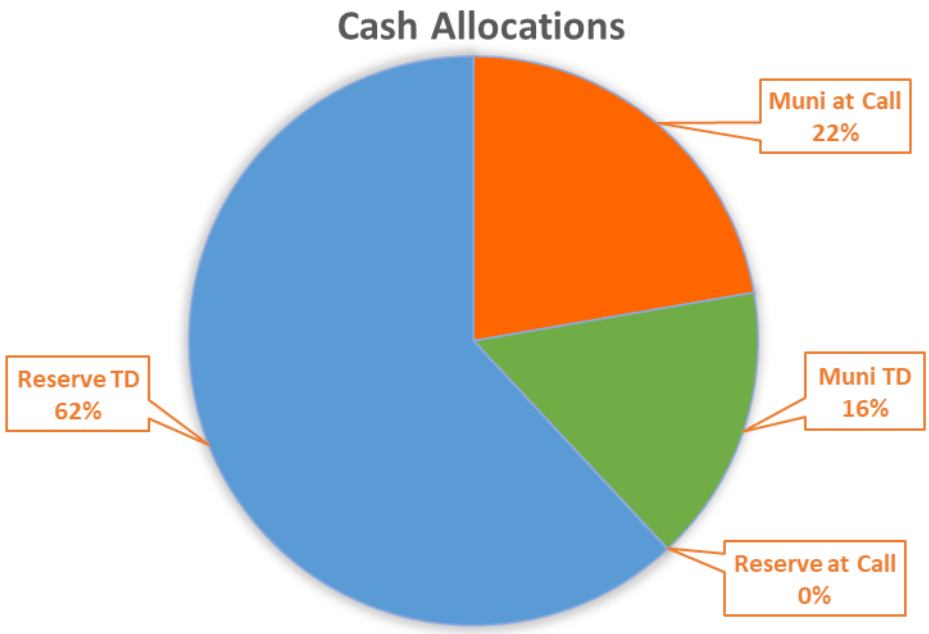
On average, the City is earning 4.57% across Municipal Term Deposits and 4.58% across Reserve Term Deposits.

The RBA official cash rate (overnight money market interest rate) has increased by 25 basis points to 385 basis points during the month of May. As a result the Municipal Funds held in the Westpac transaction account are now earning 3.70% interest. Reserve funds held in the Westpac Business Premium Cash Reserve account are earning 2.25% in interest over balances of $1m.

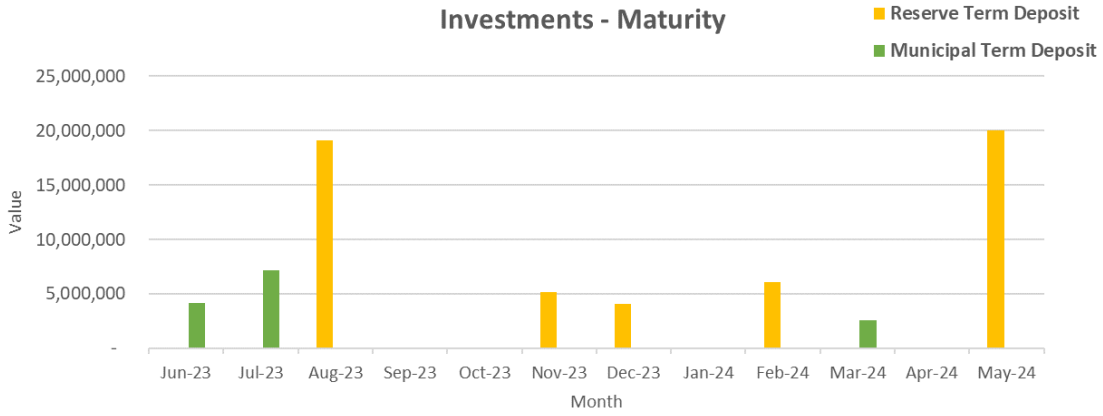
Cash Allocations and Financial Investments

Council's Municipal and Reserve Bank Accounts are to be maintained so that a maximum return can be achieved from funds required in the short term.

The following graph depicts the allocation of our Cash and Financial Investments to maximise return on investment which shows that over 62% of our Cash and Financial Investments are invested in Reserve Term Deposits.

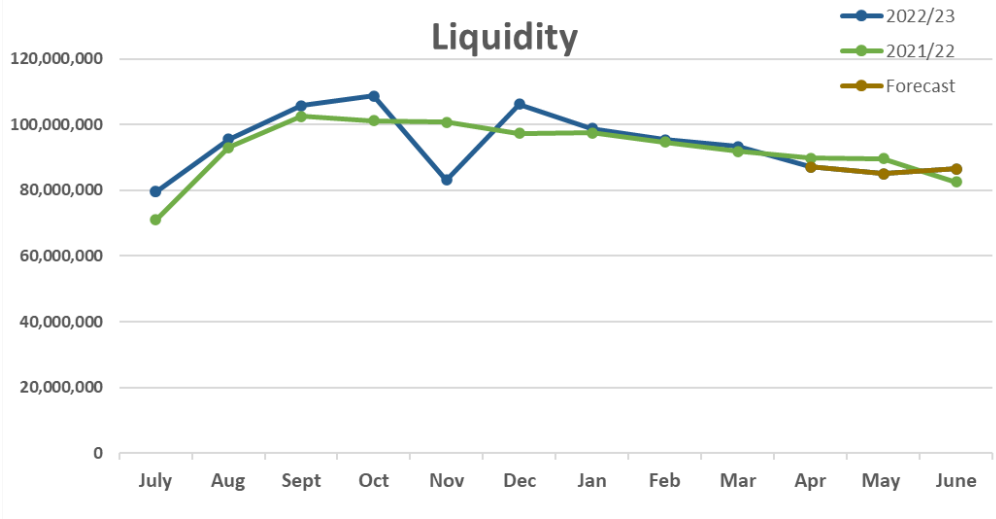


Schedule of Maturity of Cash and Financial Investments
In accordance with the City's Investment Policy (CF3), in respect to liquidity of funds, the following schedule shows the maturity of our various investments. 17% of Cash and Financial Investments will mature in the next 3 months, 28% maturing in the next 4-6 months and 55% maturing in the next 7-12 months.



Schedule of Liquidity
Administration reviews funds to ensure there is sufficient liquidity to meet the operational cash flow requirement.

The liquidity graph for 2022/23 demonstrates a trend on par with May forecasts.



Schedule of Other Investments
As part of Council's investment strategy, reserve funds were used to purchase a commercial property 'The Quarter HQ' in June 2017. The following table provides a summary of all income and expenditure for The Quarter for the current financial year:

	Month 31 May 2023 $	Year to Date 31 May 2023 $	Life to Date 31 May 2023 $
Total Income Received	357,525	4,020,078	19,089,729
Total Expenditure Paid	(96,058)	(1,592,099)	(9,441,488)
Net Income	**261,467**	**2,427,979**	**9,648,241**
Annualised ROI	**15.7%**	**13.2%**	**8.2%**

Aging of Outstanding Lessees Balances
The following table highlights The Quarter lessees with aged balances in excess of $5,000 as of 31 May 2023 by month.

Suite ID	Lessee	Current	April 2023	March 2023	February 2023 and Prior	Total	Commentary
0001	Fiorita Pty Ltd Trading as Fiorita	11,346.39	17,968.26	6,779.40	-	36,094.05	Payment plan of $6,000pw is active and being adhered to resulting in a monthly reduction of overall debt
0003	Weeding, Kate, Michelle Trading as Pilbara Weddings & Events	3,845.18	4,894.68	4,264,.89	-	13,004.75	Payment of $9,159.57 received for March and April outstanding amounts.
0005	Maria Cecelia Walker Trading as Cecil Filipino & Asian Food Pty Ltd	-	31,045.22	25,874.44	403,749.99	460,669.65	Recovery of debt under review.
0009	Onyx Group WA Pty Ltd Trading as Onyx Events / Archipelago Adventures	5,243.99	5,703.03	6,007.32	19,617.86	36,572.20	$13.8K security deposit held; Nil payments received for 6 months. Notice of default to be issued.
L0301	Maali Group Pty Ltd Trading as Maali Group	9,916.26	10,450.80	-	-	20,367.06	Payments last received March. Notice issued

Schedule of Loan Agreement
Also, as part of Council's investment strategy, Council resolved at its May 2020 meeting to execute a loan agreement with Scope Property Group Pty Ltd for the acquisition and redevelopment of the Dampier Shopping Centre. This loan is to be funded utilising Reserve funds and borrowings from WATC (if required) and is to be for a maximum initial term of ten years. To date, no borrowings from WATC have been required.

	Month 31 May 2023 $	Year to Date 31 May 2023 $	Life to Date 31 May 2023 $
Funded Amount	-	900,000	3,800,000
Interest Charges	-	106,499	161,085
Remaining Loan Amount	**(300,000)**	**(300,000)**	**(300,000)**

LEVEL OF SIGNIFICANCE
In accordance with Council policy CG-8 Significant Decision Making policy, this matter is considered to be of high significance in terms of Council's ability to perform its role.

STATUTORY IMPLICATIONS
In accordance with section 6.14 of the Local Government Act and Regulation 19C of the Financial Management Regulations, the City will invest excess funds not required for any specific purpose in authorised deposit taking institutions as defined in the Banking Act 1959 (Cth) Section 5 and/or the Western Australian Treasury Corporation established by the Western Australian Treasury Corporation Act 1986, for a term not exceeding 3 years.

COUNCILLOR/OFFICER CONSULTATION
Executives and Management have been involved in monthly reviews of their operational and departmental budgets and notifying the Financial Services team of trends and variances arising from their operational areas.

COMMUNITY CONSULTATION
No community consultation is required.

POLICY IMPLICATIONS
The Council's financial reporting is prepared in accordance with Accounting Policy CF03, CF04, & CF12. This is reviewed periodically to ensure compliance with legislative and statutory obligations.

FINANCIAL IMPLICATIONS
The financial implication of this report are noted in the detail sections of the report. The Administration is satisfied that appropriate and responsible measures are in place to protect the City's financial assets.

STRATEGIC IMPLICATIONS
This item is relevant to Council's approved Strategic Community Plan 2020-2030 and the Corporate Business Plan 2020-2025. In particular, the Operational Plan 2023-2024 provided for this activity:

Our Programs/Services:	4. c.1.1	Management Accounting Services
Our Projects/Actions:	4. c.1.1.19.1	Conduct monthly and annual financial reviews and reporting

RISK MANAGEMENT CONSIDERATIONS
The level of risk to the City is considered to be as follows:

Category	Risk level	Comments
Health	N/A	Nil
Financial	Low	Administration has developed effective controls to ensure funds are invested in accordance with City's Investment Policy. This report enhances transparency and accountability for the City's Investments.
Service Interruption	N/A	Nil
Environment	N/A	Nil
Reputation	N/A	Nil
Compliance	Low	Financial reports are prepared in accordance with the Local Government Act, Regulations and Accounting Standards.

IMPACT ON CAPACITY
There is no impact on capacity or resourcing to carry out the Officer's recommendation.

RELEVANT PRECEDENTS
This is a monthly process advising Council of the current investment position of the City.

VOTING REQUIREMENTS
Simple Majority.

OPTIONS:

Option 1
As per Officer's recommendation.

Option 2
That Council:

3. RECEIVE the Investment Report for the financial period ending 31 May 2023; and

4. APPROVE the following actions:
   a) _____
   b) _____

Option 3
That Council NOT RECEIVE the Investment Report for the financial period ending 31 May 2023.

CONCLUSION
Council is obliged to receive the monthly investment report (report previously formed part of the monthly financial reports) as per statutory requirements. Details in regard to the variances and the commentary provided are to be noted as part of the report.

11 COMMUNITY EXPERIENCE

Nil

12 DEVELOPMENT SERVICES

Nil

13 STRATEGIC PROJECTS & INFRASTRUCTURE

13.1 ROUNDABOUT LANDSCAPING - BATHGATE & GALBRAITH - TENDER OUTCOME

File No:	CM.567
Responsible Executive Officer:	Director Strategic Projects & Infrastructure
Reporting Author:	Parks & Gardens Coordinator
Date of Report:	30 June 2023
Applicant/Proponent:	Nil
Disclosure of Interest:	Nil
Attachment(s):	Confidential – Tender Evaluation Report

PURPOSE
For Council to consider the tender for the Roundabout Landscaping - Bathgate & Galbraith Tender, Number RFT06-22/23.

OFFICER'S RECOMMENDATION

That Council:

1. **ACCEPT the tender submitted by Turf Guru Landscapes Pty Ltd (ABN 606 141 991 83) as the preferred tenderer subject to any satisfactory contract negotiations and resultant amendments.**

2. **EXECUTE a contract with Turf Guru Landscapes Pty Ltd (ABN 606 141 991 83) for the delivery of the Separable Portions One and Two SUBJECT to any further variations of a minor nature.**

BACKGROUND
Dampier Road, classified as a regional distribution road by Main Roads WA (MRWA), was transferred from State Government responsibility to the City of Karratha (City) on 2 August 2014.

Previously the City had sought to enhance Dampier Road by adopting and implementing the Dampier Highway Streetscape Masterplan, a strategy that included developing public art and planting street scape within the Dampier road reserve inclusive of roundabouts.

The roundabout landscape has had ongoing issues mainly due to a lack of drainage in each roundabout. The cause is the retention of the original road base under the roundabouts, not removed when the road was duplicated by MRWA.

As a result, when irrigation systems were functioning, water could not drain causing damage to adjacent kerbs and road pavement. To avoid damage the irrigation systems were turned off with basic landscaping and gravel mulch retained at the Bathgate and Galbraith Road roundabouts. A decision was made to replace landscaping with a stencilled concrete service at the Euro Boulevard/Dampier Road roundabout.

Since this time the City has progressively replaced landscaping and developed new landscaping along Dampier Road. The Balmoral Road roundabout was landscaped in 2022 and the Broadhurst Roundabout relandscaped in 2022

The tender to relandscape Dampier Road at the Bathgate and Galbraith roundabouts is in line with the Dampier Highway Streetscape Plan. To improve the landscape outcome the works include:

- Earthworks and clearance
- Subsoil drainage, under boring and head wall works
- Irrigation connection and installation
- Soil works and final grading
- Soft landscaping
- Complete aftercare and maintenance of all Landscape and construction works (including irrigation) throughout the thirteen (13) week consolidation period

The tender included each location as a separable portion to enable the City to award one or both packages of works should tender submissions be favourable.

Tenders were invited under CEO's delegation and advertised on 24 May 2023 and closed 14 June 2023.

Two (2) tenders were received by the closing date:

- Turf Guru Landscapes Pty Ltd
- JRC Building & Construction Pty Ltd

The tenders were evaluated by a three (3) person panel comprising of:

- Directors Strategic Projects & Infrastructure
- Parks & Gardens Coordinator
- Parks & Gardens Maintenance Supervisor

The tenders were first assessed for compliance with the tender documents. The tenders were then assessed against the qualitative criteria that were weighted.

The criteria and associated weightings were:

Criteria	**Weighting**
Relevant Experience	15%
Methodology	15%
Capacity to Deliver	15%
Sustainability	5%
Price	50%

The Regional Price Preference Policy applied to one (1) local tenderer.

A copy of the Evaluation Report is contained within the confidential section of the Agenda.

The Director Strategic Projects & Infrastructure and the Chief Executive Officer have endorsed the recommendation.

DISCUSSION
The 2023/24 budget allocation for roundabout improvements is $446,000 excl GST. The proposed works to be undertaken are substantially more complex than works on previous roundabout improvements designed to resolve reticulation and drainage issues. As the preferred tender exceeds the Budget allocation, Council has several options including;

1. Award the full contract – Both Separable Portions
2. Award One Separable Portion
3. Not award the contract and reconsider the landscape treatment in the roundabouts

Whilst the tender exceeds the approved budget, it is the Officers recommendation to award the full contract to the preferred Contractor. Analysis of the pricing schedule and other similar works indicates:

- Rates have increased across multiple contracts due to a contribution of CPI, material expense, staff shortages and cost of living increases which is reflective in rates increasing
- Traffic Management is a significant part of the works and rates have increased for these services and now only available on a day rate basis
- Plant stock availability and pricing has increased from wholesalers
    - There is also a significant increase in numbers of plants per roundabout in comparison to previously planted roundabouts to give an instant impact and affect to the streetscape.
- Gravel Rock is included in the scope of works to match existing Broadhurst Roundabout and for ease of maintenance as well as steel edging to assist with holding in the gravel rock in place.
- Earthworks and disposal of material has increased due to delivery rates increasing, material increases, diesel prices and rates increasing for disposal at a licensed facility
- Increases to subsoil drainage and specialist sub-contractor to complete works
- The Contractor has very competitive rates associated with preliminaries, documentation, as constructed drawings and soil conditioner.

Officers considered a potential redesign of the roundabouts utilising an exposed trafficable reinforced concrete finish instead of landscaping, similar to Euro Boulevard and Dampier Road roundabout. This option is marginally cheaper than the preferred contract value but fails to achieve the requirements of the Dampier Highway Streetscape Plan to beautify and enhance the landscape on the main road through Karratha.

LEVEL OF SIGNIFICANCE
In accordance with Council Policy CG-8 Significant Decision Making Policy, this matter is to be of low considered to be of moderate significance in terms of environmental and economic issues.

STATUTORY IMPLICATIONS
Tenders were called in accordance with Section 3.57 of the *Local Government Act 1995* and associated regulations.

COUNCILLOR/OFFICER CONSULTATION
No Councillor or Officer consultation is required.

COMMUNITY CONSULTATION
No community consultation is required.

POLICY IMPLICATIONS
Council Policies CG12 – Purchasing and CG11 – Regional Price Preference is applicable to this matter.

FINANCIAL IMPLICATIONS
Council has allocated $446,000 in the 2023/24 Budget to roundabout improvements.

The contract consideration for the completion of both roundabout works is in excess of Councils Budget allowance so if Council agrees to award the full tender for the Bathgate and Galbraith roundabouts, the budget will need to be increased in the next budget review.

STRATEGIC IMPLICATIONS
This item is relevant to the Council's approved Strategic Community Plan 2020-2030 and Corporate Business Plan 2020-2025. In particular, the Operational Plan 2023-2024 provided for this activity:

Programs/Services:	1.a.1.2	Parks and Gardens Maintenance
Projects / Actions	1.a.1.2.21.2	Implement the streetscape and verge maintenance program
Programs/Services:	1.a.1.2	Parks and Gardens Maintenance
Projects / Actions	1.a.1.2.19.3	Implement road median strips and roundabouts enhancement program

RISK MANAGEMENT CONSIDERATIONS
The level of risk to the City is considered to be as follows:

Category	Risk level	Comments
Health	N/A	Nil
Financial	Low	A minor budget amendment would be required if the full contract is awarded.
Service Interruption	N/A	Nil
Environment	N/A	Nil
Reputation	Low	Failure to update and maintain the roundabouts may result in increased public complaints to the City
Compliance	Low	All works are to be undertaken in accordance with relevant OSH provisions, standards, legislation, and best industry practice

IMPACT ON CAPACITY
There is no impact on capacity or resourcing to carry out the Officer's recommendation. The contract will be managed by the City's Asset Maintenance Department

RELEVANT PRECEDENTS
There are no relevant precedents related to this matter.

VOTING REQUIREMENTS
Simple Majority.

OPTIONS

Option 1
As per Officer's recommendation.

Option 2
That Council ACCEPT the tender submitted by Turf Guru Landscapes Pty Ltd (ABN 606 141 991 83) as the preferred tenderer to deliver Separable Portion One – Bathgate Roundabout subject to any satisfactory contract negotiations and resultant amendments

Option 3
That Council ACCEPT the tender submitted by Turf Guru Landscapes Pty Ltd (ABN 606 141 991 83) as the preferred tenderer to deliver Separable Portion Two – Galbraith Roundabout subject to any satisfactory contract negotiations and resultant amendments

Option 4
That Council REJECT all tenders for Roundabout Landscaping – Bathgate & Galbraith under RFT06-22/23 and READVERTISE the tender.

Option 5
That Council REJECT the tender for Roundabout Landscaping - Bathgate & Galbraith under RFT06-22/23 and reconsider the design and scope of works

CONCLUSION
The Evaluation Panel believes the preferred tenderer has the capacity to deliver the works to the standard expected by the City and has provided the most advantageous outcome for the project.

Considering the prices submitted, and to effectively update and maintain assets in accordance with the Dampier Highway Master Plan, the Officer's recommendation is to deliver both separable portions of the tender and award the tender to the preferred Contractor.

13.2 RFT 05-22/23 CITY'S SHARED FOOTPATH STRATEGY, DAMPIER ROAD (STAGE SEVEN)

File No:	RD.180; CM.565
Responsible Executive Officer:	Director Strategic Projects and Infrastructure
Reporting Author:	Manager Infrastructure Projects
Date of Report:	23 June 2023
Applicant/Proponent:	Nil
Disclosure of Interest:	Nil
Attachment(s):	Confidential - Tender Evaluation Report

PURPOSE
For Council to consider the tender for the City's Shared Footpath Strategy, Dampier Road (Stage Seven), Tender Number RFT 05-22/23.

OFFICER'S RECOMMENDATION

That Council:

1. **ACCEPT the tender submitted by North West Mining & Civil Pty Ltd, ABN 69 167 677 830 as the most advantageous tender to form a contract, based on the assessment of the compliance criteria, qualitative criteria and pricing structures offered under RFT 05-22/23 City's Shared Footpath Strategy, Dampier Road (Stage Seven);**

2. **EXECUTE a contract with North West Mining & Civil Pty Ltd for the delivery of the Dampier Road Shared Path (Stage Seven) and all associated works as contained in this report, SUBJECT to any variations of a minor nature and conditional on the additional funding being secured by Officers prior to awarding the full scope of work under the contract. Should further funding not be secured execute excluding the additional scope.**

BACKGROUND
The City of Karratha provides a shared footpath network to enable efficient and safe passage of bicycles and pedestrians across all suburbs within the townships of Karratha, Roebourne, Wickham, Dampier, and Point Samson. To address shortfalls in the network, the City has adopted the Footpath Strategy 2018 to 2028 and developed an implementation program that identifies capital work packages to be delivered annually as part of a ten (10) years program to achieve the Strategy objectives.

The Dampier Road, Stage Seven shared footpath will run along the southern side of Dampier Road between Rosemary Road and Broadhurst Road and will provide 1174 metres of new shared footpath infrastructure connecting existing shared footpaths to link Baynton suburb to important community facilities including local High School, North Regional TAFE, and Karratha Leisureplex.

Previously works for installation of new shared footpath have been delivered under the Supply and Concreting Preferred Contractor. Given the project specific civil works and

associated quality control items required for the delivery of Dampier Road Stage Seven, the project was tendered as a standalone.

The proposed works include~~s~~, but are not limited to:

a) Earthworks, and associated compacted fill, topsoil backfill and levels adjustment necessary to prepare the site for the installation of culverts and concrete shared paths.
b) Demolition and disposal of existing concrete paths and kerb sections, ensuring proper connection to the existing infrastructure.
c) Supply and install precast culverts, undertake modifications to culvert headwalls, and install mortared rock pitching and concrete kerb.
d) Construct new concrete shared paths and perform all necessary backfilling activities.
e) Install all necessary proprietary bike-safe barriers, grab rails, signage, and line markings.

The pedestrian bridge that formed part of the Dampier Road Stage Seven project was procured and delivered through a separate request for quotation process.

Tenders were advertised on 31 May 2023 and closed 16 June 2023.

One (1) tender was received by the closing date from:

- North West Mining & Civil Pty Ltd

The tenders were evaluated by a three (3) person panel comprising of:

- Manager Infrastructure Projects
- Project Manager
- Infrastructure Projects Officer

The tenders were first assessed for compliance with the tender documents. The tenders were then assessed against the qualitative criteria that were weighted.

The criteria and associated weightings were:

Criteria	Weighting
Price	50%
Methodology	20%
Capability to Deliver	15%
Relevant Experience	15%

The Regional Price Preference Policy was applied to this Request.

A copy of the Evaluation Report is contained within the confidential section of the agenda.

The Director Strategic Projects and Infrastructure and the Chief Executive Officer have endorsed the recommendation.

DISCUSSION
Officers have secured funding of $427,522 (excluding GST) through the State Department of Transport (the Department), Western Australian Bicycle Network (WABN) Grant program to deliver this project.

During design development, in August 2022, the Department requested an additional zebra pedestrian crossing with its associated pram ramps and 200 metres of shared path included

in the scope of work. This section further connects the shared footpath along Dampier Road, crossing either side of Broadhurst Road and the existing network. The Department advocated that this additional scope avoided bringing pedestrian and cyclist traffic into the internal congested network servicing the Leisureplex, the Karratha Senior High School and the North Regional TAFE.

While accommodated by Officers as part of the design, on this basis, the Department was equally open to a further funding contribution to be negotiated based on the tender outcome and before Council awards the contract.

LEVEL OF SIGNIFICANCE
In accordance with Council policy CG-8 Significant Decision Making policy, this matter is considered to be of moderate significance in terms of social issues and economic issues.

STATUTORY IMPLICATIONS
Section 3.57 of the *Local Government Act 1995* and associated regulations are applicable.

COUNCILLOR/OFFICER CONSULTATION
Council endorsed the City of Karratha Footpath Strategy 2018-2028 and budget allocation for the strategy delivery within the Long-term financial Plan, until the 2027/2028 Financial Year at the August 2018 Ordinary Council Meeting.

Officers have undertaken consultation across all Departments, to draft the tender documents and update the accumulated project knowledge.

COMMUNITY CONSULTATION
During the design phase, Officers engaged with the following stakeholders:

- Utility Providers including Telstra, NBN, Horizon Power, Water Corporation
- Funding partners the Department of Transport
- Main Roads Western Australia
- Department of Education, Karratha Senior High School
- North Regional TAFE
- Community Facilities
- Department of Water and Environmental Regulation

A detailed project communication plan will be prepared to identify all key stakeholders and implement strategies to inform each stakeholder of the works and any impacts on traffic movement. Further community and stakeholder consultation will occur following Council's determination and prior to the Contractor's mobilisation to ensure that stakeholders, emergency services and all neighbouring properties are consulted around the traffic management strategy for the project.

Current consultation with the Department of Water and Environmental Regulation is also ongoing to manage any impact on native vegetation.

Consultation with the Ngarluma Aboriginal Corporation (NAC) is scheduled in regards to any potential heritage impacts and in response to changes in legislation.

The Contractor will also be responsible for establishing a detailed communication plan to provide regular updates to stakeholders, including businesses and emergency services.

POLICY IMPLICATIONS
Council Policies CG12 - Purchasing, and CG11 - Regional Price Preference is applicable to this matter.

FINANCIAL IMPLICATIONS
The City's 23/ 24 Budget has $695,000 (excluding GST), excluding contingency allocated to the shared footpath construction.

The budget was initially allocated $160,000 (excluding GST) to the pedestrian bridge and $695,000 (excluding GST) to the shared footpath. The historical figures used for the estimates are based on project rates before the 22/ 23 Budget.

In July 2022, the City awarded the pedestrian bridge design and construction contract under RFQ 49 21/22.

Officers have also secured funding of $427,522 (excluding GST) through the State Department of Transport, Western Australian Bicycle Network (WABN) Grant program to deliver this project.

Following tender evaluation, Officers have been negotiating with the Department to source an additional $150,000 (excluding GST) of funding to reflect a fifty per cent contribution in response to the current market rates, the extra design and the scope of work required.

Despite this, should Council agree with the Officers' recommendation, an additional Budget allocation will be required in the 23 /24 Budget to complete the works. Alternatively, elements of the extent could potentially progress as further funding/opportunities arise.

STRATEGIC IMPLICATIONS
This item is relevant to the Council's approved Strategic Community Plan 2020-2030 and the Corporate Business Plan 2020-2025.

In particular, the Operational Plan 2023-2024 provided for this activity:

Programs/Services:	1.a.1.1	Civil Infrastructure Works Construction and Maintenance.
Projects/Actions:	1.a.1.1.22.4	Progress construction of the City's Footpath Construction Strategy along Dampier Road

RISK MANAGEMENT CONSIDERATIONS

The level of risk to the City is considered to be as follows:

Category	Risk level	Comments
Health	N/A	Nil
Financial	Moderate	The project has significant external funding that is at risk should the work not proceed. It is proposed further funding be negotiated to include the additional area requested by the Department of Transport.
Service Interruption	Low	Should works proceed there will be an impact on pedestrian and vehicle traffic for a period during the works. The Contractor is responsible for Management Plans development and implementation, including the Communication and Traffic Management Plan.

Category	Risk level	Comments
Environment	Low	Construction will be in accordance with all statutory and relevant standards. Noise output and dust pollution throughout construction, will be managed by the contractor. Consultation is ongoing with Department of Water and Environmental Regulation regarding clearing activity. All required approval will be obtained prior works commencing.
Reputation	Moderate	The City provides a path network to enable efficient and safe passage of bicycles and pedestrians across all suburbs within its five townships. Footpaths and cycleways have consistently score high for importance and performance in the Annual Community Survey. Construction of a new section to address missing links in the network is consistent with the City's Footpath Strategy and is likely to deliver positive reputational impact for Council. Appropriate consultation is required with the Ngarluma Aboriginal Corporation (NAC) to review and manage any potential heritage impacts.
Compliance	Low	Detailed design documentation has been undertaken by qualified design consultants and civil engineers to ensure compliance with current and relevant standards. Tenders were called and administered in accordance with the *Local Government Act 1995* and associated regulations. Any works are expected to comply with relevant standards.

IMPACT ON CAPACITY
There is no impact on capacity or resourcing to carry out the Officer's recommendation. Management of the potential successful tenderer and future maintenance programs are afforded within existing resources.

RELEVANT PRECEDENTS
The City has adopted the Footpath Strategy 2018 to 2028 and developed an implementation program that identifies capital work packages to be delivered annually as part of a ten (10) years program to achieve the Strategy objectives.

VOTING REQUIREMENTS
Simple Majority.

OPTIONS

Option 1
As per Officer's recommendation.

Option 2
That Council:

1. ACCEPT the tender submitted by North West Mining & Civil Pty Ltd, ABN 69 167 677 830 as the most advantageous tender to form a contract, based on the assessment of the compliance criteria, qualitative criteria and pricing structures offered under RFT 05-22/23 City's Shared Footpath Strategy, Dampier Road (Stage Seven);

2. EXECUTE a contract with North West Mining & Civil Pty Ltd for the delivery of the Dampier Road Shared Path (Stage Seven) and all associated works as contained in this report, SUBJECT to any variations of a minor nature.

Option 3
That Council:

1. REJECT all tenders under RFT 05-22/23 City's Shared Footpath Strategy, Dampier Road (Stage Seven) as no tenderer offered an advantageous outcome to the City; and

2. READVERTISE the tender.

CONCLUSION
The Evaluation Panel believes that the recommended tenderer has the capacity to deliver the works to the standard expected by the City and has provided the most advantageous outcome for the project.

Should Council support the Officer's recommendation the Contract period would commence on 1 August 2023, subject to contract negotiations. The delivery of Dampier Road Shared Path (Stage Seven) and all associated work under the Contract is anticipated to commence in August 2023, with completion scheduled for December 2023.

13.3 WALGU DEVELOPMENT PROJECT UPDATE

File No:	LP.340
Responsible Executive Officer:	Director Strategic Projects & Infrastructure
Reporting Author:	Director Strategic Projects & Infrastructure
Date of Report:	20 July 2023
Applicant/Proponent:	Nil
Disclosure of Interest:	Nil
Attachment(s):	1. Current Design Presentation Images 2. Confidential Proposed Alternatives – Value Management Schedule 3. Feasibility Analysis - December 2022 Summary of Project Returns

PURPOSE
For Council to consider the current design and cost of the proposed mixed-use development (Walgu Development) on Lot 7020 and part Lot 7018, Welcome Road, Karratha.

OFFICER'S RECOMMENDATION

That Council:

1. **ADVERTISE a new Major Land Transaction Business Plan for the proposed acquisition and development of Lot 7020 and part Lot 7018 Welcome Road, Karratha for the Walgu Development based on an updated Feasibility Report; and**

2. **AGREE to proceed with the detailed design and documentation of the Walgu Development in preparation to call tenders for construction.**

BACKGROUND – BUSINESS PLAN
Hindering the City's vision to become Australia's most liveable regional City is the challenge of housing supply. The Walgu Development is one of several housing initiatives that the City has been progressing while regularly advocating for further housing and land development with the State and Federal Governments industry groups, real estate agents and other key stakeholders.

In August 2021 Council considered the City's Major Land Transaction Business Plan (the Business Plan), produced for public comment as a requirement under section 3.59 of the *Local Government Act 1995*, for the proposed acquisition and development of Lot 7020 and part Lot 7018 Welcome Road, Karratha. The proposed development included residential apartments and commercial space now referred to as the Walgu Development. Council resolved to proceed with the development providing it is not significantly different from what was proposed in the Business Plan.

The key factors in contemplating this project are the strategic objectives that the development aims to satisfy. The Business Plan outlined the following:

a) A development that provides an appropriate gateway statement to Karratha City Centre (similar in scale to the Pelago East and West Development at the opposite end of Sharpe Avenue).
b) A building that will be owned by the City for the immediate future and as a result, an optimal financial balance is achieved between capital and operating costs (including maintenance requirements and utility demand).
c) Variety of residential options and amenities to optimise long term rent and marketability.
d) The development proposal currently envisages the following considerations:
   - ground floor activation along Sharpe Avenue and Welcome Road;
   - commercial tenancy space; delivered as a cold shell;
   - community tenancy space, delivered as a cold shell;
   - range of residential options, delivered as built to rent model;
   - first floor residential amenities; and
   - on grade car parking, services, utilities, and stores.
e) Sustainability principles into the design and maximise the opportunity for ecological sustainability initiatives during the construction and operating phase.
f) Utilisation of best industry practices to deliver high-quality design and construction outcomes which achieve value for money in the delivery of the building.

The Business Plan was framed by a series of assumptions included in an independent Feasibility Report prepared by APP Group that included, in part:

- Construction costs: $45m - $55m (excl GST) determined through Builder Estimates.
- Total Development Costs (TDC): estimated $55.3m (excl GST), with $65m maximum allowing for escalation.
- City ownership: forecasting 20 years of income and expenditure.
- Up to 97 apartments in various configurations.
- 1,322m² ground floor commercial space.
- Purchase of the land for $1,576,420 (excl GST) based on market valuations.
- Residential rents starting at $600p/w (1bdr), $800p/w (2bdr) and $1000p/w (3bdr).
- Rent escalation of 2.5% per annum with market reviews at 3, 6 and 9 years.
- Tenancy vacancy rates ranging from 0% to 30% which impacted the forecast Internal rate of return (IRR).
- Nominal provision for residential refurbishment after 10 years.
- 10% Property Management fee being applied.
- Excluded community and commercial fit-out costs or incentives.

During the feasibility stage, the City released an Expression of Interest (EOI) securing significant interest from government agencies in leasing apartments at then market rates. As demand for rental property was considered high, and assuming no residential or commercial vacancy, the forecast IRR outlined in the Feasibility Report and Business Plan was as follows:

	Business Plan
Total Development Cost (TDC)	$55.3m (excl GST)
Internal Rate of Return (IRR)	5.25%

The forecast IRR excluded any debt financing costs assumed to be 80% of the TDC ($45m).

Sensitivity analysis was then applied to rental reductions and construction cost increases to detail a range of IRR scenarios should market conditions change.

Construction Costs	Rental Income	▼30%	▼20%	▼15%	▼10%	no change
	no change	2.35%	3.44%	3.93%	4.39%	**5.25%**
	▲10%	1.74%	2.81%	3.29%	3.74%	4.58%
	▲15%	1.45%	2.51%	2.99%	3.45%	4.28%
	▲20%	1.18%	2.24%	2.71%	3.16%	3.99%
	▲30%	0.68%	1.72%	2.19%	2.63%	3.45%

From an investment perspective, the IRR compared favourably to term deposit rates, which averaged less than 0.85% in April 2021. The forecast IRR also provided a positive net return to the City after allowing for low finance costs at the time. Since this time, Term Deposits have improved significantly. At present the highest term deposit interest rate the City is achieving is 4.55%, however 35% of the City's funds are invested on a term deposit earning 3.08% interest. If the City were to open a one (1) year term deposit with today's rates, it would earn 4.50%.

Utilising the same assumptions, a 20-year Operating Cost Model was included in the Business Plan which forecast a $43.9m net profit from the development inclusive of finance costs:

	Revenue	Expenditure	Net
Rental	$98,804,000		
Finance Costs		($20,607,001)	
Property Maintenance		($21,702,340)	
Property Management		($9,839,700)	
Insurance		($2,733,260)	
Totals	**$98,804,000**	**($54,882,301)**	**$43,921,699**

BACKGROUND – DESIGN

In October 2021, Council endorsed the engagement of the Architectural Design / Lead Consultant Services Team led by Plus Architecture (the Design Team).

As part of the previous schematic design phase, the Design Team interrogated the apartment mix and type, rationalising the total design while also accounting for critical services. The resultant outcome was a rationalisation of spaces and the provision of four residential layout types to meet demand with a slight increase to the overall General Floor Area (GFA).

Since March 2022, the Design Team progressed from Schematic Design to Design Development. The current design documentation now includes a greater level of development of the building structure, construction methodologies and services, together with confirmed interior design for the typical apartments, common areas and amenities. This process has resulted in further development and coordination of the critical services to ensure clarification and greater confidence in terms of the latest costing. The building services design briefs are also now captured as coordinated and documented with system selection being nominated.

At its August 2022 meeting, Council approved the Development Application for the Walgu Development with conditions, and in February 2023 the Design Development Phase of the project was concluded leaving one final stage of Documentation to complete prior to potentially calling tenders for construction. This stage was indicated as the next Stop / Go point of the Project enabling Council the opportunity to consider all aspects of the project, its design and feasibility before progressing.

The overarching design intent and brief has remained unchanged during the Design Development Phase. During this stage, the overall building's Gross Floor Area (GFA) and the Net Rentable Area remain consistent with the same apartment numbers and mix with minor variations due to prospective tenant feedback, Development Approval conditions and to accommodate structure and services.

The following table highlights the current Design Development GFA:

	Yield	Variance	GFA	m² + / -
TOTAL	82	-	7195	88
One Bed	15	-		-
Two Bed	42	-		-
Three Bed	25	-		-
Residential Amenity			185	-4
Commercial			1373	8
Services & Circulation			3062	-18
TOTAL GFA			11815	69
Parking Bays			149	-1
Motorcycle Bays			6	6

An overview of the current design is also included as Attachment 1.

BACKGROUND – CONSTRUCTION COST ESTIMATE

Since the Business Plan was finalised, the construction industry has experienced significant market pressure resulting in cost escalation. In June 2022, Officers reported that advice from the City's Independent Quantity Surveyor, Altus Group (the Cost Manager) indicated construction cost escalation had risen 22% since April 2021. This resulted in a revised construction estimate of $65m (excl GST). To mitigate cost increases, Council in June 2022 agreed to call tenders for the Early Contractor Involvement (ECI) Services for the design and construction of the Walgu Development, however, no tender was awarded. Factors including time and available resources were seen as major causes preventing Builders submitting at the time.

Noting the ECI process was unsuccessful, the City then sort through separate procurement, to engage a Builder or Consultant to undertake a peer review and value management of the project design. In September 2022, the GHC Group (the Peer Reviewer) was appointed to work with the Design Team and the Cost Manager on project risk mitigation, strategies regarding value management, escalation, and program.

The peer review and value management process identified thirty-eight (38) potential items to consider, however not all were recommended due to impact on time, therefore diminishing the potential savings that could be realised. The critical items recommended to be adopted realise approximately $7.3m (excl GST) in construction savings. Officers suggest that implementation of any value management items is most cost effective when incorporated during the project's design and documentation compared to after the completion of tender construction drawings when considerable rework would be required impacting on time and further cost.

Refer also to Attachment 2 – Value Management Schedule for a full summary of those options considered.

The peer review and value management process also identified potential sub-consultant inputs and documentation methodologies that will reduce risks in the construction delivery within cyclonic regions and above the twenty-six parallel. In addition, the peer review and value management process has critically reviewed and indicated a program for the works of approximately twenty-two (22) calendar months based on a traditional construction delivery.

In December 2022, based on the current design, the Cost Manager forecast the total construction cost at $83.761m. This excluded:

- Goods and services tax (GST)
- Loose furniture except amenities
- Escalation beyond July 2023
- Contingency including design, construction, latent conditions etc.
- Value management

At the time, the Cost Manager advised that construction prices were likely to increase further. Labour and material shortages, the global pandemic, the Ukraine - Russia crisis, inflation nationally and globally, interest rate increases were all contributing to a chain reaction in escalating overall market prices. The Cost Manager's preliminary forecast was construction cost may increase a further 6.7% in 2023, which equates to approximately $5.58m (excl GST).

Based on this advice, and accounting for construction cost that included value management, escalation and a construction contingency, the TDC was reforecast at approximately $99m (incl GST). This value is approximately $34m over the maximum TDC initially forecast in the Business Plan.

BACKGROUND – UPDATED FEASIBILITY REPORT

Due to the significant increase in construction costs, interest rates changes and evidence of median rental price increases in Karratha, Officers, in November 2022, again engaged the APP Group to update the Feasibility Report to robustly test the financial viability of the project using updated information and assumptions. This also included taking a conservative view to revenue generated from rent. The key assumptions and changes included:

- Updated construction cost of approximately $83.761m that excluded GST, escalation, value management and contingency;
- Increased Market Rents applicable to the 22/82 Apartments not subject to the EOI;
- Application of current market rents to Government tenanted Apartments (60/82) after one year and resetting base rents in year eleven;
- Updated land valuation;
- Inclusion of a whole of life cost plan prepared by the Cost Manager based on the current design; and
- Included Finance Costs to borrow up to 80% of the construction value at the current interest rate of 5.43% over 20 years.

Despite the increased construction cost, the proposed development yielded a net development profit and resulted in an indicative IRR of 4.47%. The following table highlights the comparison to the Business Plan.

	Business Plan Stage	Design Development Stage
Estimated Total Development Cost (TDC)	$65m (incl GST)	$99m (incl GST)
Internal Rate of Return (IRR)	5.25%	4.47%

Refer also to Attachment 3 - December 2022 Summary of Project Returns.

DISCUSSION – CURRENT STAUS

Since the completion of Design Development phase in February 2023, no further works have progressed by the Design Team awaiting a decision of Council to proceed or not. Noting the significant cost increase up to December 2022, the focus of Officers has been attempting to secure external funding (up to $20m) from the State Government to potentially minimise Council's capital contribution. Officers prepared a project prospectus that has been shared with key stakeholders along with CEO and Executive meetings with State Government Ministers and Agencies to identify potential avenues of funding. To date no external funding has been secured for the Walgu Development and whilst the State and Federal Governments have both announced funding programs to support housing initiatives, these programs are typically focused on social and affordable housing not aligned to the Walgu Development's objectives. Despite this, Officers are continuing to pursue several funding opportunities.

The availability of affordable housing continues to be a significant issue in the City of Karratha. Despite the ongoing efforts of the City to design and construct new houses, the reality is only nine (9) Building Permits have been issued for new house construction in 2023. A combination of higher interest rates, the cost of construction, and demand for private rental housing to support State Government employees and new Industry construction projects all contribute to housing availability and cost pressures. Currently the State Government is privately renting approximately 500 properties within the City representing one third of the private rental market with demand for a significant number more as evidenced by the Walgu Development EOI.

With little new housing construction occurring, the ability of the State Government and Industry to afford higher rents to secure housing has resulted in significant increases in the rental market. Currently, the median rental price in Karratha is estimated at $850 per week, a significant increase from $670 per week when the design and feasibility of the Walgu Development commenced in 2021. The higher cost is in part driven by the lack of available stock with less than 40 private rental properties being available, on average, each month for the past year. The current average rental price for the 40 properties is $1,200 per week. Without introducing further housing stock, some concern exists that the median rental price will further increase.

Council was further briefed on the Walgu Development status and financial implications in July 2023. The briefing included the overall housing trends, initiatives, actions and concerns regarding housing rent and construction in the City. On the basis the Walgu Development delivers a further 82 apartments, is substantially designed and produces a development net profit, this Report is being presented to Council now to consider its support or otherwise to continue progression towards construction of the Walgu Development.

DISCUSSION – UPATED COST ESTIMATE

Officers recently engaged the Cost Manager to reassess escalation, the 20-year lifecycle cost to maintain the building and the construction estimate based on the past six months market trends. Advice received confirms that construction escalation is still subject to market volatility however has reduced. Recent evidence across a variety of market indicators suggests that the escalation in 2023 is 4.43% and forecast to reduce to 4.2% in 2024. This

is less than 6.7% predicted in December 2022 and has a material impact on the construction estimate and lifecycle cost forecast as evidenced in the table below:

	December 2022	**Update July 2023**
Lifecycle Cost - 20 years	$57.167m (excl GST)	$54.281m (excl GST)
Escalation to Construction	6.7%	4.43%
Construction Estimate	$83.761m	$80.473m

The construction estimate again excludes GST, contingency, escalation to tender and value management.

DISCUSSION – BUSINESS PLAN COMPLIANCE
Council resolved to proceed with the major land transaction providing it is not significantly different from what was proposed in the Business Plan.

Whilst the Walgu Development scope and intent are largely aligned to the advertised Business Plan, Officers advise that significant changes in the estimated construction cost constitute a significant variation from what the Business Plan forecast. In accordance with the *Local Government Act 1995* Section 3.59 (6), if Council elect to acquire the land and construct the project, it may only do so after advertising a new Business Plan to comply with legislation or be satisfied that the development is not significantly different to what was forecast.

DISCUSSION – OPTIONS
As per the Council's February 2022 resolution, the design development phase of the project has concluded, and the Walgu Development has reached a stage where a decision to progress is required. Officers have prepared several options for Council to consider including suggested activities that could be required under each option:

1. Progress
   a) Note the Feasibility Analysis - December 2022 Summary of Project Returns.
   b) Noting the updated Cost Management advice and changes in further aspects of the project's feasibility since December 2022, prepare a new independent Feasibility Report.
   c) Prepare and advertise a new Business Plan.
   d) Finalise design incorporating value management.

2. Review the Project
   a) Revisit all project assumptions including ownership, design and yield and prepare a new Feasibility Report.
   b) Present a further report to Council on the project's feasibility and if agreed to progress, prepare, and advertise a new Business Plan.
   c) Cease design until the project's direction is agreed.

3. Terminate the Project

The following details analysis of each option:

<u>Option 1 – Progress</u>
Whilst financial viability is an objective, the Walgu Development is largely proposed to satisfy many broader strategic and community objectives. Factors including securing a significant main street property under the City's control, constructing a gateway statement to Karratha City Centre, securing 82 additional Apartments to accommodate workers and families in

Karratha, providing high quality commercial and civic tenancy space on the main street and freeing up existing housing to the market may be greater objectives to consider.

Typically, the State Government or the private sector has constructed housing and commercial office space in Karratha City Centre. Given the projects risk profile, the forecast of less than a minimum 7% IRR after accounting for finance costs and other investment opportunities available within Western Australia and nationally, the private sector is unlikely to deliver the project.

Significant City financial and human resources have been invested in the Walgu Development to date, raising expectations for the project's delivery with prospective tenants and the community. Council had originally allocated $20m (excl GST) in the 2022/23 Budget in anticipation of commencing the construction of the project and to date the City has committed approximately $1.516m (excl GST) on the project's feasibility and design. Arguably, this value could be realised should the project design be sold however, the design is not documented for construction potentially diminishing the designs value.

The cost to progress the final stage of the Design Team, and the City's Specialist Consultant's contracts to tender stage is approximately $960k (excl GST). This could occur concurrent with advertising a new Business Plan to mitigate further delays, impacting time and therefore cost, however, is a significant investment. If Council agreed to progress, it is proposed that the approximate $7.3m (excl GST) value management options would be incorporated in the final design and documentation for tender, anticipated in February 2024.

To progress the current project proposal, a new Business Plan needs to be prepared and advertised. The original Business Plan was informed by an independent Project Feasibility Report prepared by APP Corporation that was updated in December 2022 to reflect the economic situation. The Feasibility Report includes a series of assumptions that when applied results in a Development Net Profit, albeit not to the same extent as initially forecast.

If a new Business Plan were to be advertised for six (6) weeks, as required under legislation, it would likely occur in November and December 2023. This could occur post the 2023 Local Government Elections and enables sufficient time for the independent Project Feasibility Report to be updated, to reflect revised cost estimates and financial modelling, and a new Business Plan to be prepared. Furthermore, this would enable any submissions on the Business Plan to be considered by Council before determining whether to progress and call tenders for construction, likely to be February 2024.

<u>Option 2. – Review the Project</u>
Despite the Walgu Development design consistently being challenged to find efficiency and savings, market forces have resulted in the projects economics now being significantly different to what was anticipated. If construction cost and return on investment are the major considerations, then an option is to undertake a full feasibility review. This review could include all aspects of the project with specific focus on the ownership, demand, and proposed yield, testing all assumptions. This approach could include a complete design review to explore further options to increase or decrease scale to achieve the right balance between capital and operating costs.

As indicated as part of the peer review and value management process, further options have been identified that may increase yield and return from the development including potentially increasing density and yield with increases in apartments and leasable area.

Several options considered to date include:

a) Remove the south tower and increase the north tower by three (3) floors.

b) Increasing the south tower from four (4) to six (6) floors.
c) Increasing the north tower to nine (9) floors and the south tower to six (6) floors.
d) Increasing the ground floor commercial leasable area.

However, these are significant items that require further investigation and scrutiny before proceeding at this stage. If the option to review the project is supported, the purpose would be to aim to strike a balance between the best outcome for the investment required. The result would also include a new Feasibility Report that would be subject to Council's consideration before progressing.

During this time, it would also be prudent to cease any further progress on the current design, more so focused on project economics and buildability analysis. Should major design changes be proposed, an amended Development Application may need to be considered. Further, costs are then likely to be attributed to redesign works subject to the extent of modifications required.

If this option is supported, it could add up to six (6) months further to the project program assuming a new Business Plan is also prepared and advertised. The risk in this approach is the time and potential cost associated. Recent experience with the Kevin Richards Memorial Oval Change and Club Room would suggest that to realise the full benefit of value management, it is important that decisions are expedited to ensure value savings are not eroded through escalation in costs over time.

Option 3 – Terminate the Project
The final option is to terminate the project due to the cost of the development and the forecast returns. The engagement of the Design Team has been structured in a manner to enable the City to terminate at various stages, therefore not subjecting the City to any further Design Team fees.

The decision to terminate the project is significantly influenced by the future development on Lot 7020 and portion of Lot 7018. This strategic land parcel is owned by Development WA and the City has had an exclusive working period over the land for approximately two (2) years due to expire 31 December 2023.

A decision to acquire the land was reliant on the project not significantly differing from the Business Plan. The value of the acquisition is also the subject of a negotiation with the State Government. Refer to the Financial Implication – Land Acquisition section of this Report. The City could purchase the land and not proceed with the development at this time, but it would likely be paying full market value for the land.

LEVEL OF SIGNIFICANCE
In accordance with Council policy CG-8 Significant Decision Making Policy, this matter is considered to be of high significance in terms of social and economic issues and Council's ability to perform its role.

STATUTORY IMPLICATIONS
Section 3.59 of the *Local Government Act 1995* is applicable to this matter.

At the August 2021 Ordinary Meeting, Council by ABSOLUTE Majority pursuant to Section 3.59 (provides for Major Land Transaction) of the *Local Government Act 1995* resolved to:

1. NOTE that no submissions were received about the proposed acquisition and development of Lot 7020 and part Lot 7018 Welcome Road, Karratha during the six (6) week notice period from 9 July 2021 to 20 August 2021; and

2. PROCEED with the proposed acquisition and development of Lot 7020 and part Lot 7018 Welcome Road, Karratha so that it is not significantly different from what was proposed in the Major Land Transaction Business Plan.

COUNCILLOR/OFFICER CONSULTATION
The Walgu Development has been the subject of Councillor Briefing Sessions held each month in 2021 and 2022. A detailed project update was provided at the November and December 2022 Councillor Briefing Sessions, and most recently at the July 2023 Councillor Briefing Session.

COMMUNITY CONSULTATION
A Business Plan was released for public comment as a requirement under section 3.59 of the *Local Government Act 1995*, as the City proposed to enter a major land transaction involving investing City resources into the acquisition and development of Lot 7020 and part of Lot 7018 for residential apartments, commercial and community space.

A Stakeholder Reference Group has been established consisting of Councillors and proposed tenants who expressed initial interest in the Walgu Development. Two (2) meetings have been held, with ongoing leasing discussions occurring.

POLICY IMPLICATIONS
Council's Investment Policy: Property (CF4) provides guidance on if and when Council will invest in Property. The adopted policy includes the following statement that are relevant to this matter:

When making decisions to invest in Property related investments one or more of the following criteria needs to be satisfied:

vi. Council may invest in property to achieve key strategic goals of the Council that will deliver a broad-based benefit to the community without financial return being the key driver.

The Walgu Development is consistent with these policy provisions.

FINANCIAL IMPLICATIONS
The total commitment to progress the Walgu Development to the tender stage is $2,274,828.53 (excl GST). This commitment includes the Feasibility Study and Report, Site Investigations, Design Team, Cost Manager, Building Certifier, and Peer Review Services and excludes internal project management costs.

To date, the City has committed to expending $1.328m (excl GST) to the end of the current Design Development Phase excluding internal project management costs. Therefore, if Council agreed to progress the Project to tender, the cost would be approximately $960k (excl GST).

The City's 2023/24 Budget includes $960,000 (excl GST) to finalise the detailed design and documentation in readiness for tender and to progress the initiative. This again includes costs for the Design Team, Cost Manager, Building Certifier, and Peer Review Services and excludes internal project management costs.

As indicated throughout this Report, the critical issue is the construction estimate which impacts on the project's feasibility. The advertised Business Plan contemplated a range of financial scenarios to highlight the impact on the project's financial viability.

FINANCIAL IMPLICATION – LEASING UPDATE
To date, the initial pre-leasing of the residential space has a commitment of sixty (60) of the total eighty-two (82) apartments. In addition, the commercial tenancy of a 730 sqm lettable area has a pre-leasing commitment from a key industry representative, ensuring that the development feasibility is in line with the Business Plan.

As noted previously, the current design closely aligns with the proposed apartment mix and yield, developed in line with the received EOI and Offer to Lease commitments. The current principal lessees include the Western Australia State Government, Department of Communities, Housing (32 dwellings), the Western Australia Country Health Service (25 dwellings) and the Pilbara Port Authority (3 dwellings), with market interest strong for the remaining apartments.

The marketing of any residual apartments through the City's property leasing agent services contract is proposed to commence when location preferences of the current principal lessees are confirmed.

FINACIAL IMPLICATION – LAND ACQUISITION
The City has been in ongoing discussions with Development WA over the sale price of Lot 7020 and portion of Lot 7018 including sharing current market valuations and contemplating land swap deals consistent with the Business Plan.

The Mayor wrote to the Premier of WA on the 8 August 2022 providing a project update and seeking support to the sale at a nominal value noting the projects precarious financial position. The Premier responded on the 17 October 2022 stating once the risks had been reduced and the City has a firm construction cost, to submit an updated business case to the Minister for Lands so that the Minister will determine the terms for the City’s acquisition of the site and consider a discounted sale of the site.

In the interim, Development WA has extended the exclusive working period on the land to the 31 December 2023 and if the project is to progress, a further extension may need to be negotiated as the land cannot be acquired for this development without a new Business Plan being advertised and considered.

FINACIAL IMPLICATION – BORROWINGS
The Business Plan proposed that the City seek debt funding for approximately 80% of the construction cost. At the time this equated to approximately $45m with the balance funded by Council from Reserves. In December 2022, the Feasibility Report again included debt finance costs up to 80% of the construction cost however was based on a revised construction estimate of $92m (incl GST). This would require then require borrowings of $74m repaid through net profits and Council Reserves.

The City has had discussions with the Northern Australia Infrastructure Facility (NAIF) and the Western Australian Treasury Corporation (WATC) regarding the availability and terms of debt funding. Any debt borrowings would occur if construction were to progress and be subject to the lending rates of the day. Advice received from the WATC in July 2023 suggests that the borrowing rate has reduced from 5.43% in December 2022 to 5%.

If the project were to progress to construction, Council might also elect to review its funding contribution to the project and whether it is prepared to afford a greater capital contribution. A greater contribution would be funded from Reserves thereby reduce any borrowing liability. This would influence the borrowing profile, and further modelling would be required for inclusion in the new Business Plan to outline Council’s ability to afford the project and any debt finance required.

STRATEGIC IMPLICATIONS
This item is relevant with the City's approved Strategic Community Plan 2020-2030 and the Corporate Business Plan 2020-2025. In particular, the Operational Plan 2023-2024 provides for this activity:

Programs/Services:	2.c.1.2	Land Development and Management
Projects/Actions:	2.c.1.2.20.4	Purchase of Lot 7020 Welcome Road Karratha
Programs/Services:	2.c.1.2	Land Development and Management
Projects/Actions:	2.c.1.2.22.4	Progress and finalise design and documentation for the construction of the City's Mixed Use Residential "Walgu Development"
Programs/Services:	2.c.1.2	Land Development and Management
Projects/Actions:	2.c.1.2.22.5	Negotiate acquisition for portion of Lot 7018 for development as part of Walgu Mixed Use Residential Apartments development
Programs/Services:	2.c.2.1	Management of Strategic Infrastructure Projects
Projects/Actions:	2.c.2.1.21.1	Prepare Business Plan and secure tenancy for the proposed Lot 7020 Development

RISK MANAGEMENT CONSIDERATIONS
The level of risk to the City is considered to be as follows:

Category	Risk level	Comments
Health	N/A	Nil
Financial	High	The projects feasibility is impacted by a series of cost factors. Demand for apartments based on expressions to lease remains high with construction cost the major concern for the project. This report proposes a strategy to attempt to mitigate some rising construction costs whilst not committing the City to construction.
Service Interruption	Low	Nil
Environment	Low	If supported by Council, the design documentation and construction will be in accordance with all statutory and relevant standards.
Reputation	Moderate	If supported by Council, a quality inner City development and a decisive response to the housing issue is likely to deliver positive reputational impact for Council.
Compliance	Moderate	If the strategy outlined in this report is supported by Council, a new Business Plan would be prepared in accordance with section 3.59 of the *Local Government Act 1995*. This would be informed by a revised independent feasibility report that robustly tests all aspects of the project's finances.

IMPACT ON CAPACITY
There is no impact on capacity or resourcing to carry out the Officer's recommendation.

RELEVANT PRECEDENTS
There are no relevant precedents related to this matter.

VOTING REQUIREMENTS
Absolute Majority.

OPTIONS:

Option 1
As per Officer's recommendation.

Option 2
That Council UNDERTAKE a full Feasibility Review of the Walgu Development before determining the next stage of the project's progression

Option 3
That Council TERMINATE the Walgu Development at this stage due to the current costs of construction impacting the projects feasibility.

CONCLUSION
The current proposal for the Walgu Development is now considered significantly different from the advertised Business Plan due to the total construction and development cost increases. Whilst every attempt has been made to mitigate construction cost increases by Officers, the Design Team, and the Peer Review, the current construction market is more expensive than originally anticipated.

Despite the rise in the TDC, the Walgu Development still projects a positive IRR, albeit financially, the project is marginal compared to the original proposition.

The Walgu Development is a significant development that addresses several strategic and community objectives. On this basis, should Council seek to continue to pursue this development, Officers recommend Council agree to several revised project assumptions, update the Project Feasibility Report, and advertise a new Business Plan.

During this time, Officers and the Design Team could continue to progress the project design and documentation in readiness for tender incorporating the value management items recommended in this report

14 ITEMS FOR INFORMATION ONLY

Responsible Officer: Chief Executive Officer

Reporting Author: Minute Secretary

Disclosure of Interest: Nil

PURPOSE
To advise Council of the information items for July 2023.

VOTING REQUIREMENTS
Simple Majority.

OFFICER'S RECOMMENDATION

That Council note the following information items:
14.1 Concession on Fees and Charges
14.2 Community Services update
14.3 Reform of the Local Government Act 1995

14.1 CONCESSION ON FEES FOR COUNCIL FACILITIES

File No: CR.38

Responsible Executive Officer: Acting Director Community Services

Reporting Author: Acting Director Community Services

Date of Report: 27 June 2023

Disclosure of Interest: Nil

PURPOSE
To provide Council with a summary of all concessions on fees for Council facilities and services under Section 1.10 of the Delegations Register since the last Ordinary Council Meeting.

Name	Reason	Amount (ex GST)
Pilbara Tourism Association Conference	Warlu Way Conference 4 April 2023 to be held at REAP – Venue Hire Fee waived as per Council Resolution 155143	$2,181.36

14.2 COMMUNITY SERVICES UPDATE

File No: CS.23

Responsible Executive Officer: Director Community Services

Reporting Author: EA to the Director Community Services

Date of Report: 26 May 2023

Applicant/Proponent: Nil

Disclosure of Interest: Nil

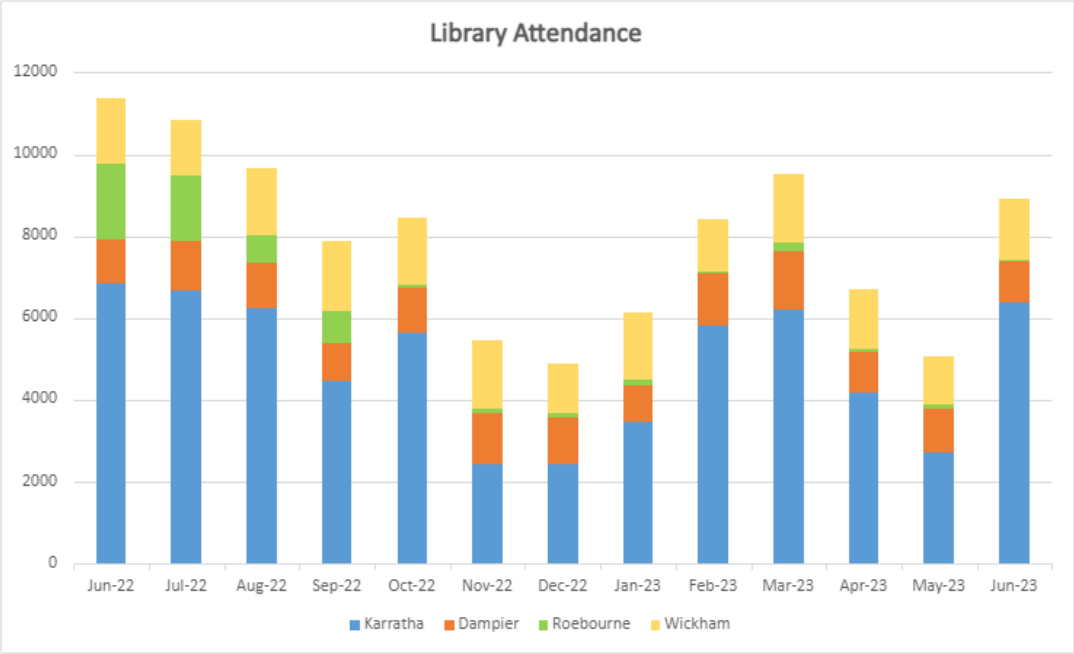
Attachment(s) Nil

PURPOSE
To provide Council with a Community Services update for June 2023.

Community Facility Attendance Summary

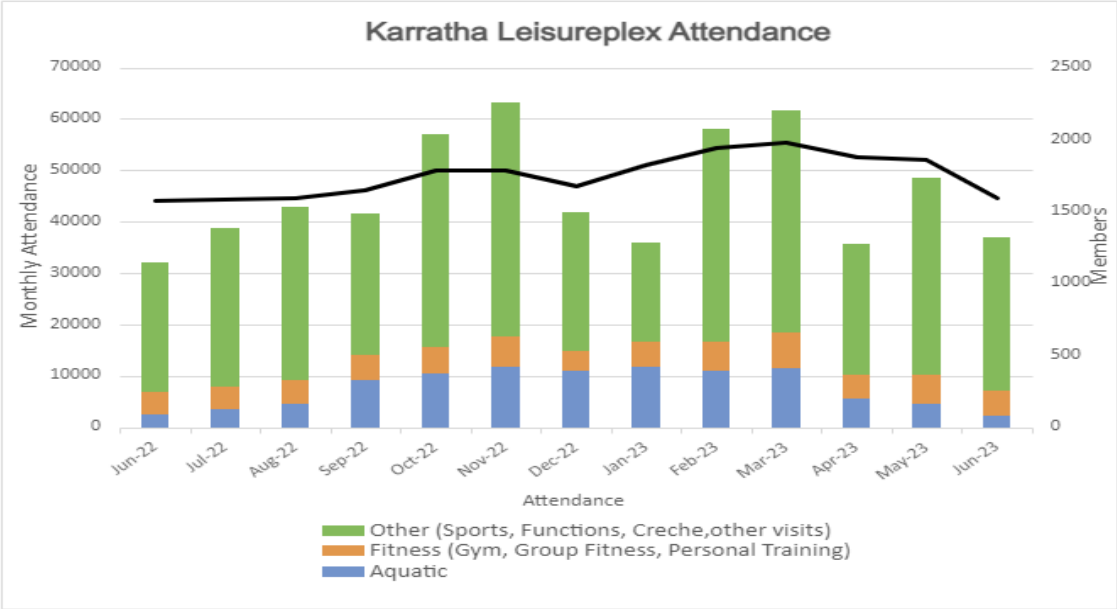
Facility Attendance	**June 2022**	**June 2023**	**%**
The Youth Shed	523	1144	↑119%
The Base	972	1041	↑7%
Total Library	11375	8898	↓22%
Karratha Leisureplex	32067	36913	↑15
Wickham Recreation Precinct	2735	1802	↓34%
Roebourne Aquatic Centre	Closed		
Red Earth Arts Precinct	3803	4405	↑16%
Indoor Play Centre	1892	1960	↑4%
Community Liveability Programs	**June 2022**	**June 2023**	**%**
Security Subsidy Scheme properties	37	32	↓14%
Meet the Street parties	0	1	

Library Services



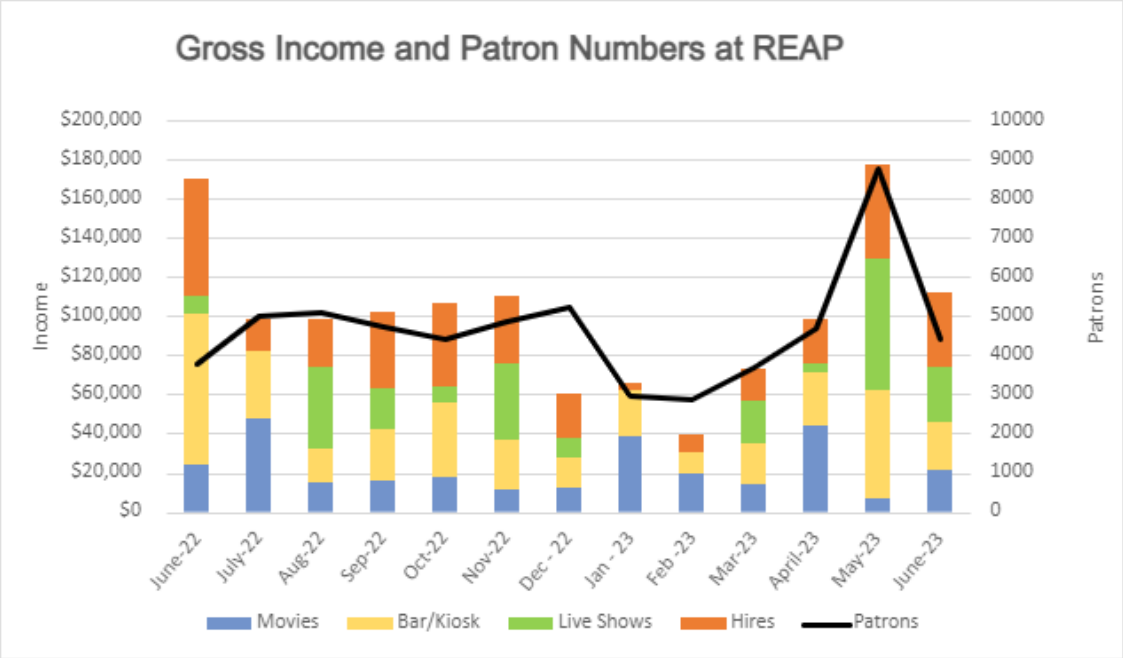
10376 Total memberships (**102** new members signed up in June)	**3647** physical items and **730** eResources borrowed.
1016 individual computer log ins by members and guests (excludes Wi-Fi).	**7** external requests for local history information.
854 program participants at **45** programs, StoryTime, Rhyme Time, PAGES, PAGES Junior, WA Ballet story and memory preservation	**4** Better beginnings Packs were distributed to Population Health, Kindy classes and Library Patrons.
821 Technical enquiries (including assistance with Computers, Wifi, Printing and Scanning) Roebourne Library limited operating hours from this time last year. Physical and digital loans, computer use and enquiries are trending upwards. Successful event for the Little Fulla Yarns Pilbara launch, with over 80 people attending and very positive feedback.	

Karratha Leisureplex



An overall **15%** increase in attendance is attributed to an increase of **14%** in gym, group fitness, and personal training participation. Sports events increased by **18%** from June 2022 to June 2023. Attendance in aquatics decreased by **9%**.

Red Earth Arts Precinct



Red Earth Arts Precinct:

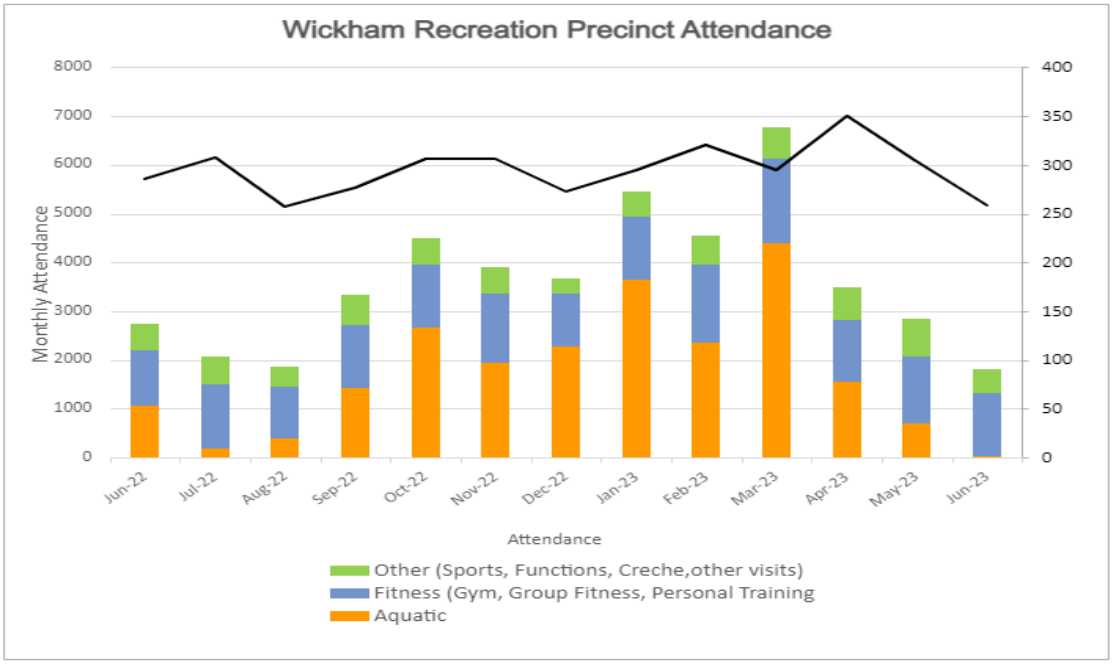
106% increase in Live shows compared to the previous year. Possum Magic shows, which averaged 311 patrons per show, contributed to this growth.

Venue hire declined by **43%** in June. Nevertheless, the OECD Conference was a success bringing together delegates from all over Australia and the world. The City's hosting of this conference was notable.

Movie sales decreased by **13%** from last year. It was expected that this decline would occur since June 2022 saw the release of Top Gun. However, we expect an improvement in July 23 with Spiderman, Transformers, and Little Mermaid.

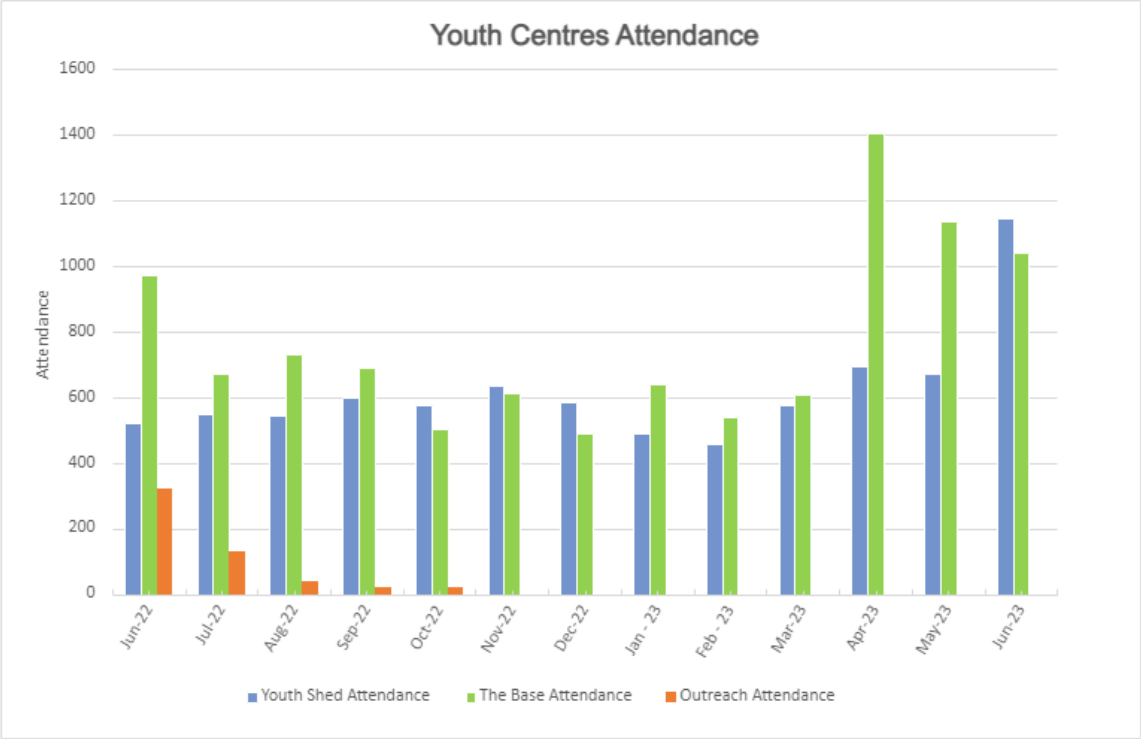
Bar & kiosk sales declined **104%.** During the same period last year, Amy Shark and Pilbara Summit generated higher sales.

Wickham Recreation Precinct



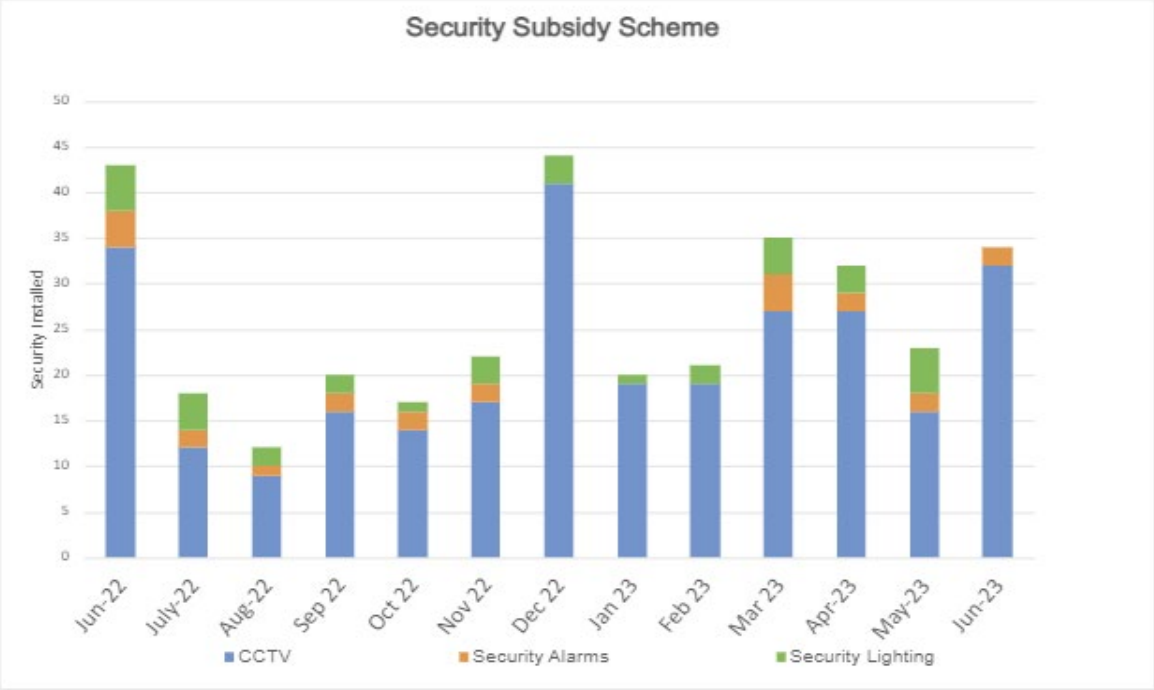
Due to aquatic repairs, the pool was closed for a week, resulting in a 34% decrease in overall patrons from June 2022. There was a decrease in aquatic activity at both facilities due to the cooler weather. A 12% increase was seen in gym and group fitness

Youth Services

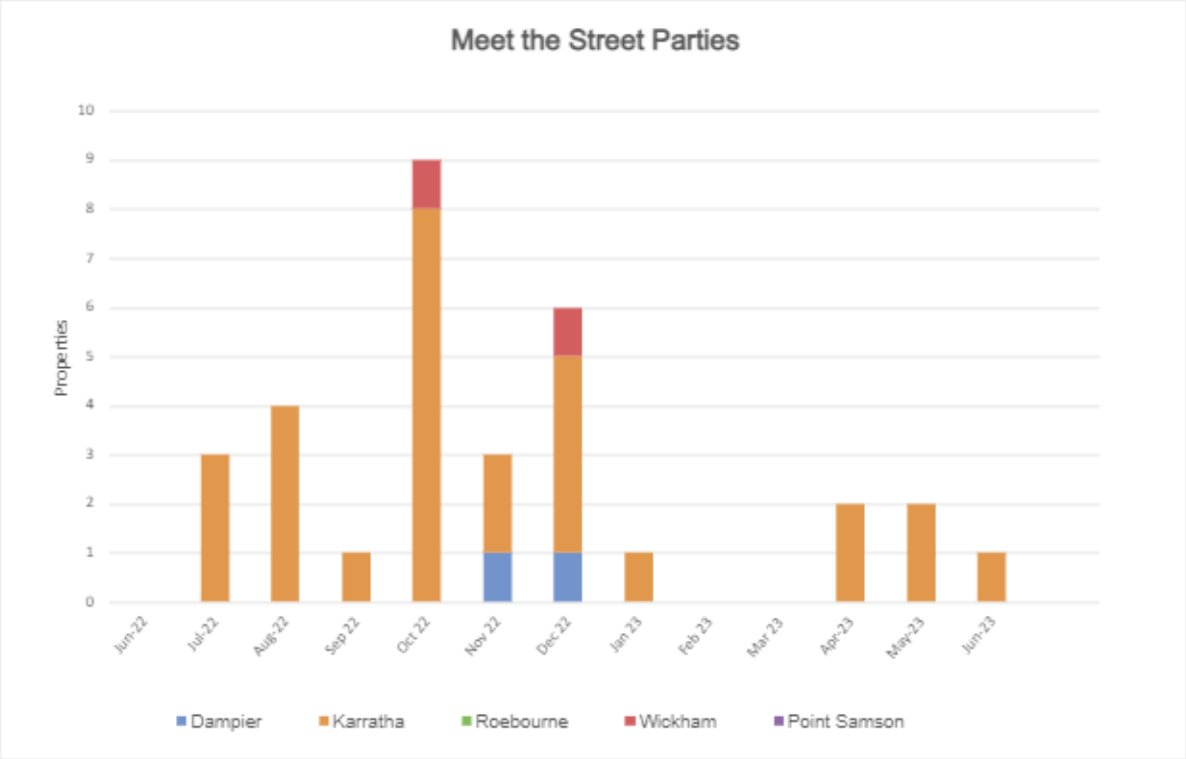


The Base and Youth Shed:
There has been a significant increase in attendance at the Youth Shed by **119%** from this time last year. Due to the engagement of staff, programming, and events, the attendance among youth has been at its highest level since 2017. The 3x3 basketball tournament was attended by 115 youth on 30 June, and another 50 youth attended practice the day before the tournament. The Base has seen a steady increase by **7%** with a continued effort to engage youth.

Liveability

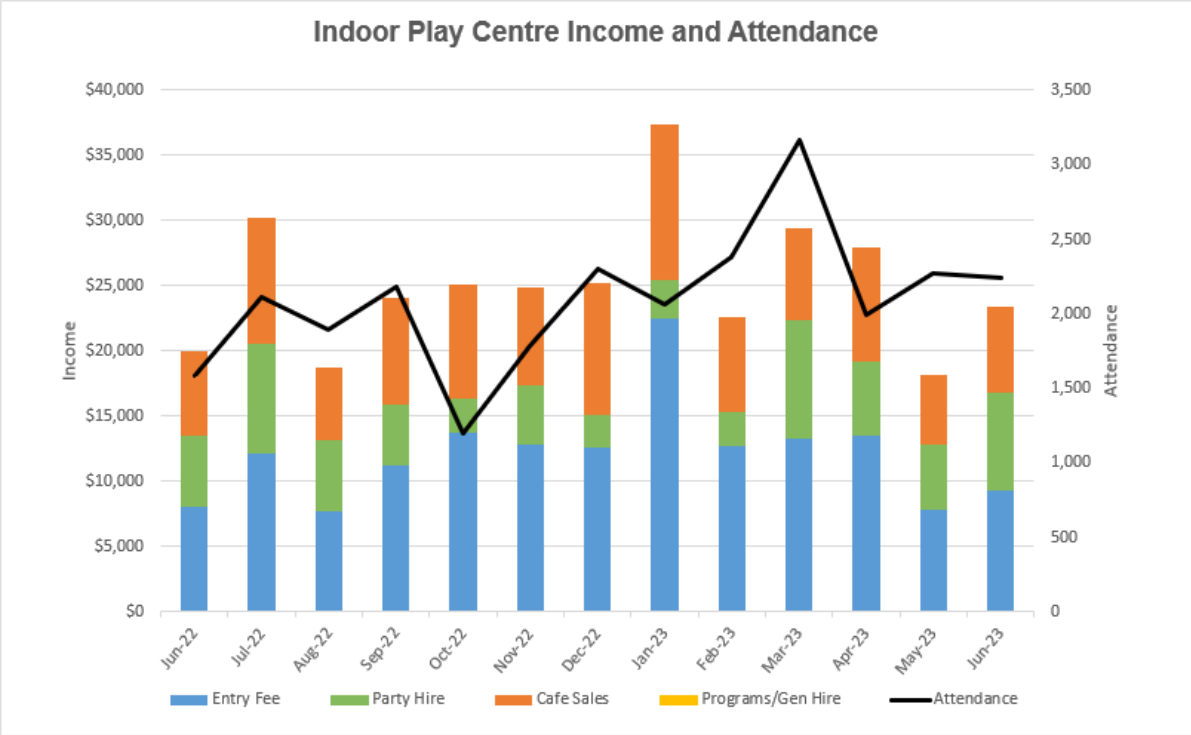


·Security Subsidy:
CCTV still popular along with security alarms with a total of 32 properties this year taking advantage of the subsidy



Meet the Street: **1** MTS party in comparison to **2** this time last year. We anticipate more MTS due to continued campaign.

Indoor Play Centre



Indoor Play Centre:
The number of children attending is up from the previous June 2022 period. Some cold weather has resulted in more parents bringing their children to the centre for warmth away from the wind while they are playing.

QUARTERLY SMALL COMMUNITY GRANTS SUMMARY

APRIL 2023

Town	Who	What	Awarded
Karratha	Burrup Mountain Bike Club	Promotional Video	$5,000
Roebourne	Swan Districts Football Club	Strong Swans Project	$5,000
		Total	**$ 10,000**

MAY 2023

Town	Who	What	Awarded
Dampier	Dampier Community Association	Business Planning Workshop	$2,000
		Total	**$2,000**

JUNE 2023

Town	Who	What	Awarded
Karratha	Trouts Basketball Club	Development Sessions	$2,000
Karratha	Wirrawandi Aboriginal Corporation	Ranger Program – Camera & Accessories	$4,703.55
		Total	**$6,703.55**

COMPUTERS FOR COMMUNTIES SUMMARY

Date	Who	What
18/04/2023	NBAC	4 x PC's
20/06/2023	Northwest Multicultural Association	2 x PC's
		Total x6 PC's

14.3 REFORM OF THE LOCAL GOVERNMENT ACT 1995

File No:	CM.5
Responsible Executive Officer:	Acting Director Corporate and Commercial Services
Reporting Author:	Manager Governance and Organisational Strategy
Date of Report:	10 July 2023
Disclosure of Interest:	Nil
Attachment(s):	1. WALGA Local Government Act Amendment Act Information Sheet – as at June 2023 2. Ward and Representation Review Letter from DLGSC

PURPOSE
To provide Council with an up to date account on the passage of legislative reforms associated with the *Local Government Act 1995*.

BACKGROUND
Recently a number of amendment Bills have been passed by the WA State Parliament reforming the provisions of the Local Government Act to meet the objectives of empowering local governments to being agile, smart and inclusive and therefore better serve residents and ratepayers. These changes have gradually been occurring since 2019.

Reforms are under six themes:

- Early intervention, effective regulation and stronger penalties
- Reducing Red tape, increasing consistency and simplicity
- Greater transparency and accountability
- Stronger local democracy and community engagement
- Clear roles and responsibilities
- Improved financial management and reporting

In 2019 reforms were introduced to address disclosure of gifts and conflicts of interest, new councillor training guidelines, induction courses for prospective candidates, accessibility to certain information on the LGs website, standards panel to review complaints and assist with mediation, local and state wide public notice disclosure requirements.

In February 2021 reforms were introduced to CEO standards specifically focussed on recruitment, termination and performance management and the introduction of a new set of model codes of conduct for council members, committee members and candidates, and an employee code of conduct.

To ensure that key election related reforms were in place before the 2023 local government elections, amendments to the Act were divided into two further tranches. The first tranche, was passed by Parliament on May 11 focused on electoral reform, which will strengthen local democracy and provide greater transparency and accountability.

The second tranche will focus on the establishment of the new Local Government Inspector and the introduction of local government monitors for early intervention.

The attached information sheet, **Attachment 1**, presents an overview of the legislative amendments that were initially approved by Parliament on 11th May 2023 and later granted Royal Assent on 18th May 2023. This report is intended to provide a comprehensive summary of the changes outlined by WALGA as of June 2023.

Additional resources:
The Department of Local Government has been presenting a series of webinars throughout the rollout and these can be accessed from Local government reform webinars | DLGSC.

Ward Boundary Update
On 30 June 2023, WA Gazette No.88 pp2381-2383 Governors Orders published the outcome of the City's Ward Boundary and Representations review effectively agreeing to the Council's submission to only one district (a no ward system) and reducing the number of council members over two election cycles (from 11 to 10 [including the popularly elected mayor] at the 2023 LG election, and then to 9 at the 2025 LG election). Refer to **Attachment 2** – Letter from Department of Local Government, Sport and Cultural Industries.

CONCLUSION
Council members will be kept informed as amendments are being released.

15 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

16 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

17 URGENT BUSINESS APPROVED BY THE PERSON PRESIDING OR BY DECISION

18 MATTERS BEHIND CLOSED DOORS

OFFICER'S RECOMMENDATION

In accordance with Section 5.23 (2) (e) (iii) of the *Local Government Act 1995*, that Council move in camera to discuss item:

CONFIDENTIAL ITEM 18.1 GROUNDS MAINTENANCE SERVICES TO EASTERN AREAS

CONFIDENTIAL ITEM 18.2 WARRIER STREET APARTMENTS

Also included is the following:

ATTACHMENT TO ITEM 13.1 ROUNDABOUT LANDSCAPING - BATHGATE & GALBRAITH – TENDER OUTCOME - CONFIDENTIAL – TENDER EVALUATION REPORT

ATTACHMENT TO ITEM 13.2 RFT 05-22/23 CITY'S SHARED FOOTPATH STRATEGY, DAMPIER ROAD (STAGE SEVEN) - CONFIDENTIAL - TENDER EVALUATION REPORT

ATTACHMENT TO ITEM 13.3 WALGU DEVELOPMENT PROJECT UPDATE - CONFIDENTIAL PROPOSED ALTERNATIVES – VALUE MANAGEMENT SCHEDULE

These matters if disclosed would reveal information about the business, professional, commercial or financial affairs of a person.

18.1 CONFIDENTIAL ITEM - GROUNDS MAINTENANCE SERVICES TO EASTERN AREAS

This matter is confidential and if disclosed would reveal information about the business, professional, commercial or financial affairs of commercial-in-confidence information.

File No:	CM.82
Responsible Executive Officer:	Director Strategic Projects & Infrastructure
Reporting Author:	Parks & Gardens Coordinator
Date of Report:	4 July 2023
Applicant/Proponent:	Nil
Disclosure of Interest:	Nil
Attachment(s):	Nil

18.2 CONFIDENTIAL ITEM – 18 WARRIER STREET BULGARRA

This matter is confidential and if disclosed would reveal information about the business, professional, commercial or financial affairs of commercial-in-confidence information.

File No:	CP.182
Responsible Executive Officer:	Chief Executive Officer
Reporting Author:	Chief Executive Officer
Date of Report:	28 July 2023
Applicant/Proponent:	Nil
Disclosure of Interest:	Nil

Attachment(s): Nil

19 CLOSURE & DATE OF NEXT MEETING

The meeting closed at _____.

The next meeting is to be held on Monday, 28 August 2023 at 6pm at Council Chambers - Welcome Road, Karratha.