

SUPPLEMENTARY BRIEFING AGENDA

Council Members' Briefing Session

Draft Only

6:00pm, 02 August, 2022

Council Chamber (Level 1), Civic Centre,
23 Dundebur Road, Wanneroo

wanneroo.wa.gov.au



Briefing Papers for Tuesday 2 August, 2022

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Item 6 Late Reports

6.1 Financial Activity Statement for the Period Ended 30 June 2022

File Ref: 42309V04 – 22/270174
Responsible Officer: Director, Corporate Strategy & Performance
Attachments: 5

Issue

To consider the Financial Activity Statement for the period ended 30 June 2022.

Background

In accordance with *Local Government (Financial Management) Regulations 1996*, the Financial Activity Statement has been prepared in compliance with the following:

“Regulation 34(1) of the *Local Government (Financial Management) Regulations 1996*, which requires a local government to prepare a statement of financial activity each month, presented according to nature and type, by program, or by business unit. For the 2021/22 financial year the statement of financial activity has been presented by nature and type.

Regulation 34(5) of the *Local Government (Financial Management) Regulations 1996*, which requires a local government to adopt a percentage or value, calculated in accordance with Australian Accounting Standards, to be used in statements of financial activity for reporting material variances. For the 2021/22 financial year, 10% and a value greater than \$100,000 have been used for the reporting of variances.”

Detail

Council adopted the Annual Budget for the 2021/22 financial year on 29 June 2021 (SCS01-06/21) and Mid-Year Statutory Budget Review on 15 March 2022 (SC04-03/22). The figures in this report are compared to the revised budget.

The Financial Position (Attachment 2) reported as at 30 June 2022 and the Closing Surplus reported in the Rate Setting Statement (Attachment 6) are draft and subject to change with the end of the year management adjustments and yearend audit adjustments.

The year end reserve movements and capital works carry forwards have not been adjusted in this Financial Activity Statement as they are currently being reviewed. It is expected that the unaudited Closing Surplus position would be in the vicinity of \$20m.

Overall Comments Month to Date

Results from Operations

The Interim Financial Activity Statement report for the month of June 2022 shows an overall unfavourable variance of \$685k, due to favourable variance of \$344k from Operating Revenue offset by the unfavourable variance of \$1.0m from Operating Expenses.

The favourable operating revenue variance of \$344k is due to higher income from Operating Grants, Subsidies & Contributions of \$965k, and Interest Earnings of \$132k partially offset by the lower income from Rates of \$312k, Fees & Charges income of \$411k and Other Revenue of \$31k.

The unfavourable operating expense variance of \$1.0m is due to higher expenses from Material & Contracts of \$1.6m, Utility Charges of \$657k, and Interest Expenses of \$14k partially

offset by the lower expenses from Depreciation of \$646k, Employee Costs of \$537k and Insurance expenses of \$74k.

Description	Current Month - June 2022					Comments
	Actual \$m	Revised Budget \$m	Variance \$m	Variance %		
Operating Revenue	2.9	2.6	0.3	13.1	G	Overall favourable variance is mainly due to higher revenue from Operating Grants, Subsidies & Contributions and Interest Earnings partially offset by lower revenue from Rates, Fees & Charges and Other Revenue. Please refer to Notes 1, 2, 3, 4 and 5.
Operating Expense	(20.2)	(19.2)	(1.0)	(5.4)	A	The unfavourable variance is mainly due to higher Materials & Contracts expenses, Utility Charges and Interest Expenses partially offset by lower Depreciation and Employee Costs and Insurance Expenses.
Result from Operations	(17.3)	(16.6)	(0.7)	(4.2)		

Capital Program

During June 2022, \$7.0m was spent on various capital projects of which \$1.2m was spent on Sports facilities.

Description	Month Actual \$m	Month Revised Budget \$m	% Complete of Month Revised Budget
Expenditure	7.0	5.9	118.6%

Overall Comments on Year to Date (YTD) Figures

Results from Operations

The Interim Financial Activity Statement report for the year to date 30 June 2022 shows an overall favourable variance from Operations (before Non-Operating Revenue and Expenses) of \$13.8m.

The favourable variance is mainly due to lower expenses from Depreciation of \$5.5m, Materials & Contracts of \$3.8m, Utility charges of \$694k, Employee Costs of \$1.5m, higher income from Operating Grants, Subsidies & Contributions of \$6.5m, Interest earnings of \$393k and other revenue of \$246k partially offset by lower income from Rates of \$1.8m, Fees & Charges of \$1.6m and higher expenses from Insurance of \$64k and Interest Expenses of \$83k.

Description	Year-To-Date June 2022					Comments
	Actual \$m	Revised Budget \$m	Variance \$m	Variance %		
Operating Revenue	206.9	203.1	3.8	1.9	G	Overall favourable variance is mainly due to higher revenue from Operating Grants, Subsidies & Contributions, Other Revenue and Interest Earnings partially offset by lower revenue from Rates and Fees & Charges. Please refer to Notes 1, 2, 3, 4 and 5.
Operating Expense	(198.1)	(208.1)	10.0	4.8	G	The favourable variance is mainly due to lower Employee Costs, Materials & Contracts and Depreciation partially offset by higher Insurance and Interest Expenses. Please refer to notes 6, 7, 8, and 9 for further details.
Result from Operations	8.8	(5.0)	13.8	276.0		

Capital Program

At the end of June 2022, \$45.6m was expended on various capital projects of which \$8.9m was spent on Sports Facilities, \$6.3m on Roads, \$4.9m on Fleet Management, \$6.2m on IT Equipment & Software, \$4.3m on Park Furniture, \$2.3m on Pathways and Trails and a further \$1.5m on Waste Management (Refer **Attachment 3** for Top Capital Projects 2021/22).

Description	YTD Actual \$m	YTD Revised Budget \$m	% Complete of YTD Revised Budget	Annual Revised Budget \$m	% Complete of Annual Revised Budget
Expenditure	45.6	71.3	64.0%	71.3	64.0%

Investment Portfolio Performance

Portfolio Value \$m	Monthly Weighted Return	Comments
443.4	1.00%	Portfolio balance has decreased by \$14.8m from May 2022. The monthly weighted return is 1.00% which is above the set benchmark (12 months UBS Australia Bank Bill Index) by 0.90%. (Refer to Attachment 4 for more details)

*Detailed Analysis of Statement of Comprehensive Income (**Attachment 1**)*

Comments relating to the Statement of Comprehensive Income are provided under the following two sections:

- a) Current month comparison of Actuals to Budgets; and
- b) Year to date Actuals to Budgets;

where the variance is higher than the reporting threshold or the item is of interest to Council.

CITY OF WANNEROO
STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE
FOR THE PERIOD ENDED 30 JUNE 2022

Attachment 1

Description	Current Month			Year to Date			Annual			Notes	
	Actual	Revised Budget	Variance	Actual	Revised Budget	Variance	Original Budget	Revised Budget	Variance		
	\$	\$	\$ %	\$	\$	\$ %	\$	\$	\$ %		
Revenues											
Rates	(11,855)	300,000	(311,855) (104.0)	139,296,136	141,062,080	(1,765,944) (1.3)	A	141,062,080	(129,600)	(0)	1
Operating Grants, Subsidies & Contributions	1,414,435	449,319	965,116 (214.8)	14,479,107	7,974,913	6,504,194 (81.6)	G	7,974,913	(40,457)	(1)	2
Fees & Charges	1,158,984	1,569,501	(410,517) (26.2)	49,071,881	50,661,708	(1,589,827) (3.1)	A	50,661,708	365,654	1	3
Interest Earnings	374,617	242,275	132,342 (54.6)	3,102,646	2,710,004	392,642 (14.5)	G	2,710,004	426,546	16	4
Other Revenue	39,425	70,670	(31,245) (44.2)	959,132	713,234	245,898 (34.5)	G	713,234	(12,061)	(2)	5
Total Operating Revenue	2,975,605	2,631,765	343,840 (13.1)	206,908,901	203,121,939	3,786,962 (1.9)		203,121,939	6,100,882	0	
Expenses											
Employee Costs	(5,782,639)	(6,319,398)	536,759 (8.5)	(75,533,729)	(77,057,519)	1,523,790 (2.0)	G	(77,057,519)	34,956	0	6
Materials & Contracts	(9,504,614)	(7,891,475)	(1,613,140) (20.4)	(68,043,995)	(71,886,030)	3,842,035 (5.3)	G	(71,886,030)	1,852,143	3	7
Utility Charges	(1,426,314)	(769,220)	(657,094) (85.4)	(10,070,767)	(9,376,215)	(694,552) (7.4)	A	(9,376,215)	379,340	4	8
Depreciation	(3,055,253)	(3,700,952)	645,699 (17.4)	(38,879,607)	(44,411,424)	5,531,817 (12.5)	G	(44,411,424)	0	0	9
Interest Expenses	(357,490)	(343,178)	(14,312) (4.2)	(4,198,747)	(4,115,430)	(83,317) (2.0)	A	(4,115,430)	0	0	
Insurance	(111,710)	(185,214)	73,504 (39.7)	(1,336,700)	(1,272,633)	(64,067) (5.0)	A	(1,272,633)	13,000	1	
Total Operating Expenditure	(20,238,020)	(19,209,437)	(1,028,584) (5.4)	(198,063,546)	(208,119,251)	10,055,705 (4.8)		(208,119,251)	2,279,439	1	
RESULT FROM OPERATIONS	(17,262,415)	(16,577,672)	(684,744) (4.1)	8,845,355	(4,997,312)	13,842,668 (277.0)		(4,997,312)	2,889,521	(56)	
Non Operating Revenue & Expenses											
Non Operating Grants, Subsidies & Contributions	2,915,247	(1,591,188)	4,506,435 (283.2)	20,757,113	17,865,363	2,891,750 (16.2)	G	17,865,363	(1,210,661)	(7)	10
Contributed Physical Assets	4,140,427	4,747,753	(607,326) (12.8)	13,926,525	12,232,312	1,694,213 (13.9)	G	12,232,312	52,312	0	11
Non Operating Contract Expenses	0	(15,000,000)	15,000,000 (100.0)	(14,168,717)	(15,000,000)	831,283 (5.5)	G	(15,000,000)	0	0	12
Profit on Asset Disposals	1,675,263	139,166	1,536,097 (1.0)	4,596,039	4,945,035	(348,996) (7.1)	A	4,945,035	0	0	13
Loss on Assets Disposals	0	0	0 (0.0)	(438,739)	(1,013,273)	574,534 (56.7)	G	(1,013,273)	0	0	13
TPS* & DCP** Revenues	(1,188,619)	2,875,695.00	(4,064,314) (141.3)	7,346,036	13,124,837	(5,778,801) (44.0)	R	13,124,837	(12,505,801)	(95)	14
TPS* & DCP** Expenses	(2,928,670)	(1,953,661)	(975,009) (49.9)	(8,466,558)	(7,843,246)	(623,312) (7.9)	A	(7,843,246)	12,064,525	(154)	15
Total Non Operating Revenue and Expenses	4,613,649	(10,782,235)	15,395,884 (142.8)	23,551,700	24,311,028	(759,328) (3.1)		24,311,028	(1,599,625)	(7)	
NET RESULT (OPERATING & NON OPERATING)	(12,648,766)	(27,359,907)	14,711,141 (53.8)	32,397,055	19,313,716	13,083,339 (67.7)		19,313,716	1,289,896	7	
Other Comprehensive Income	0	0	0 (0.0)	0	0	0 (0.0)		0	0	0	
TOTAL COMPREHENSIVE INCOME	(12,648,766)	(27,359,907)	14,711,141 (53.8)	32,397,055	19,313,716	13,083,339 (67.7)		19,313,716	1,289,896	7	

Key

>0%	G - Green
-0% to -10%	A - Amber
<-10%	R - Red

*TPS=Town Planning Schemes

**DCP=Developers Contribution Plans

Revenues**Note 1 Rates*****Month to Date - (Actual \$-12k, Revised Budget \$300k)***

The variance is unfavourable by \$312k mainly due to lower interim rates generated on residential properties.

Year to Date - (Actual \$139.3m, Revised Budget \$141.1m)

The unfavourable variance of \$1.8m mainly due to lower interim rates generated from residential properties.

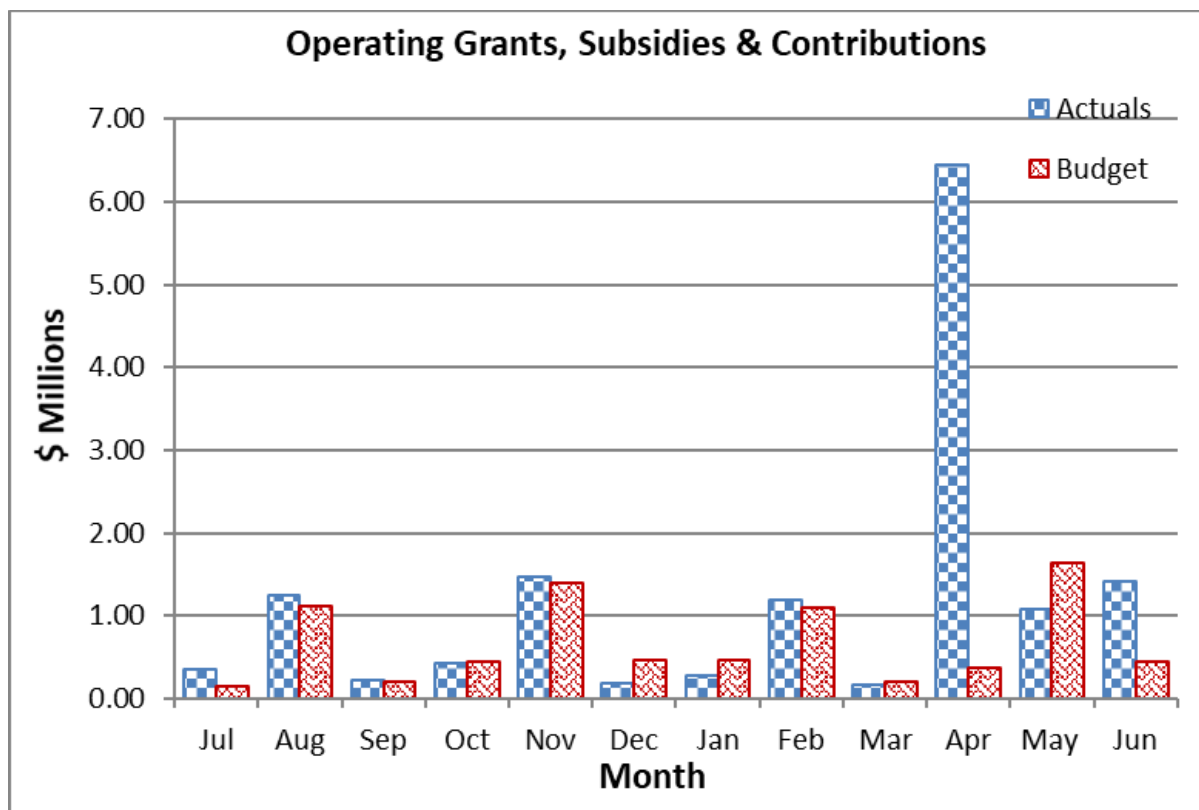
Note 2 Operating Grants, Subsidies & Contributions***Month to Date - (Actual \$1.4m, Revised Budget \$449k)***

The favourable variance of \$965k for the month is mainly due to:

- Higher income from State Government Grants of \$764k;
- Higher reimbursement income from Private works infrastructure projects of \$239k;
- Higher income from various cash contributions and recovery of legal costs of \$126k; and
- Lower subsidy income from Library Services of \$152k.

Year to Date - (Actual \$14.5m, Revised Budget \$8.0m)

The variance is favourable by \$6.5m mainly due to receipt of higher reimbursement income from Private works infrastructure projects of \$239k and early payment of 2022/23 Financial Assistance Grant of \$6.1m. As part of the year-end adjustments these monies will be set aside and then released in 2022/23.



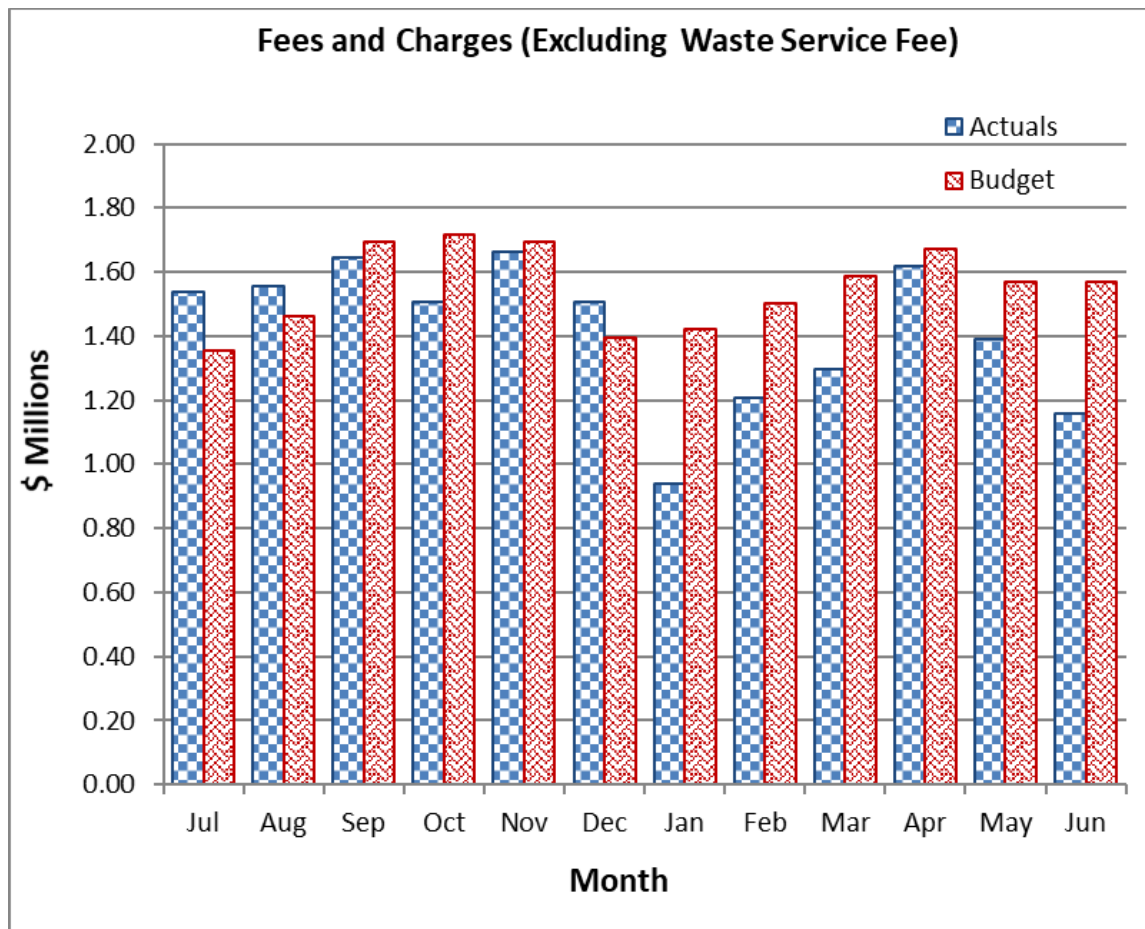
Note 3 Fees and Charges

Month to Date - (Actual \$1.2m, Revised Budget \$1.6m)

The unfavourable variance of \$411k for the month is mainly due to lower income from Booking Fee Income of \$151k, User Entry Fee Income of \$131k, Property Lease and Rental Income of \$64k, Twilight Golf Fee Income of \$18k and Building Application Fee Income of \$55k partially offset by service fee income from various facilities of \$13k.

Year to Date - (Actual \$49.1m, Revised Budget \$50.7m)

The unfavourable variance of \$1.6m is mainly due to lower Booking Fee Income of \$963k, lower User Entry Fee Income of \$417k and lower Rubbish Collection Fee Income of \$137k.



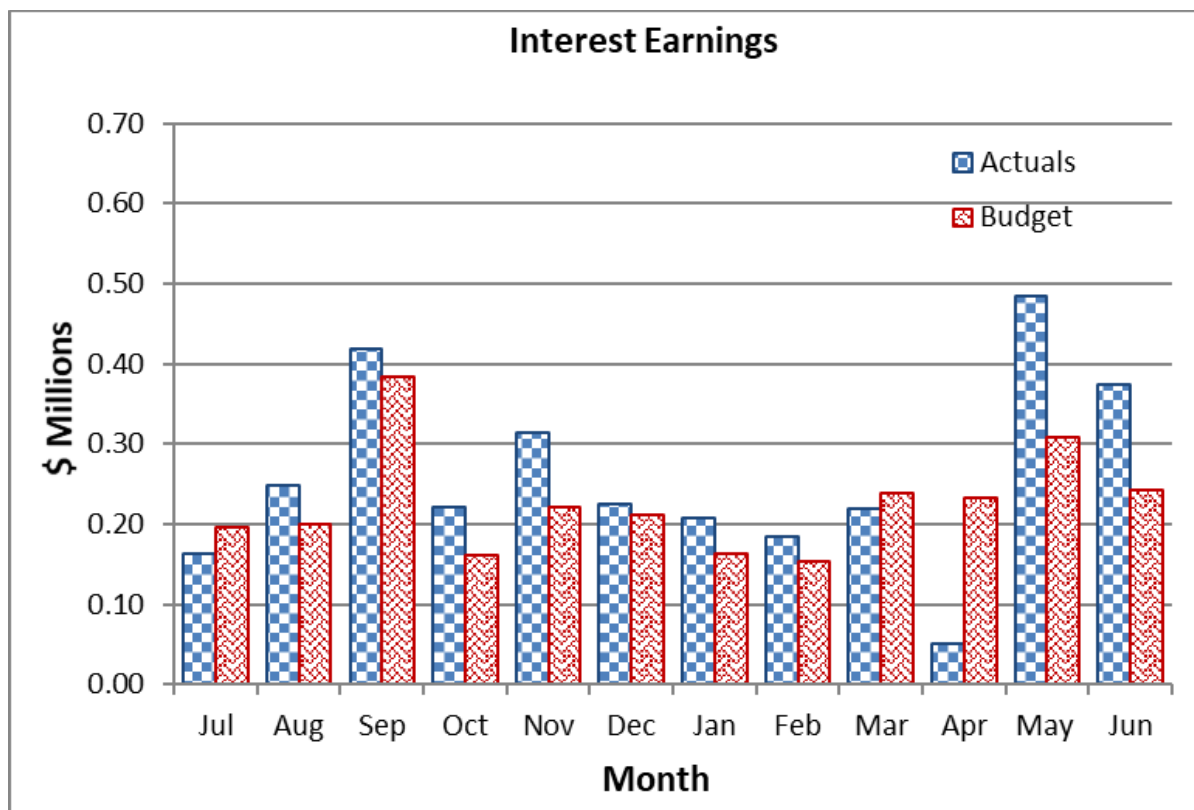
Note 4 Interest Earnings

Month to Date - (Actual \$375k, Revised Budget \$242k)

The favourable variance of \$132k for the month is mainly due to higher Interest income from Reserves of \$102k and Municipal Fund of \$115k partially offset by lower interest earnings from other activities of \$85k.

Year to Date - (Actual \$3.1m, Revised Budget \$2.7m)

The variance is favourable by \$393k mainly due to higher Interest Earnings from Reserve Funds of \$306k and Municipal Fund of \$148k partially offset by lower interest earnings from other activities of \$62k.



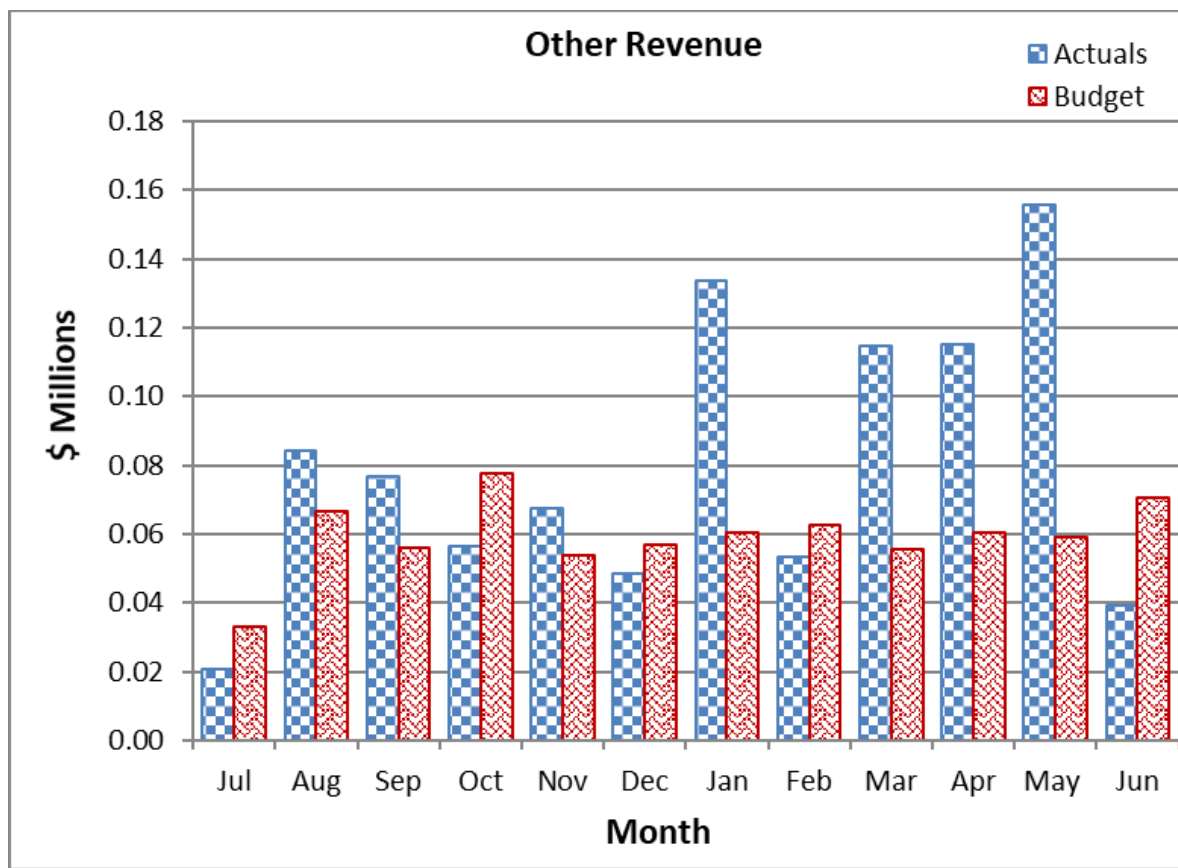
Note 5 Other Revenue

Month to Date - (Actual \$39k, Revised Budget \$71k)

The unfavourable variance of \$31k for the month is mainly due to lower Rebate Income received by fleet services.

Year to Date - (Actual \$959k, Revised Budget \$713k)

The favourable variance of \$246k is mainly due to Revenue from Sand and Limestone Extraction charges related to Neerabup Industrial Area.



Expenses

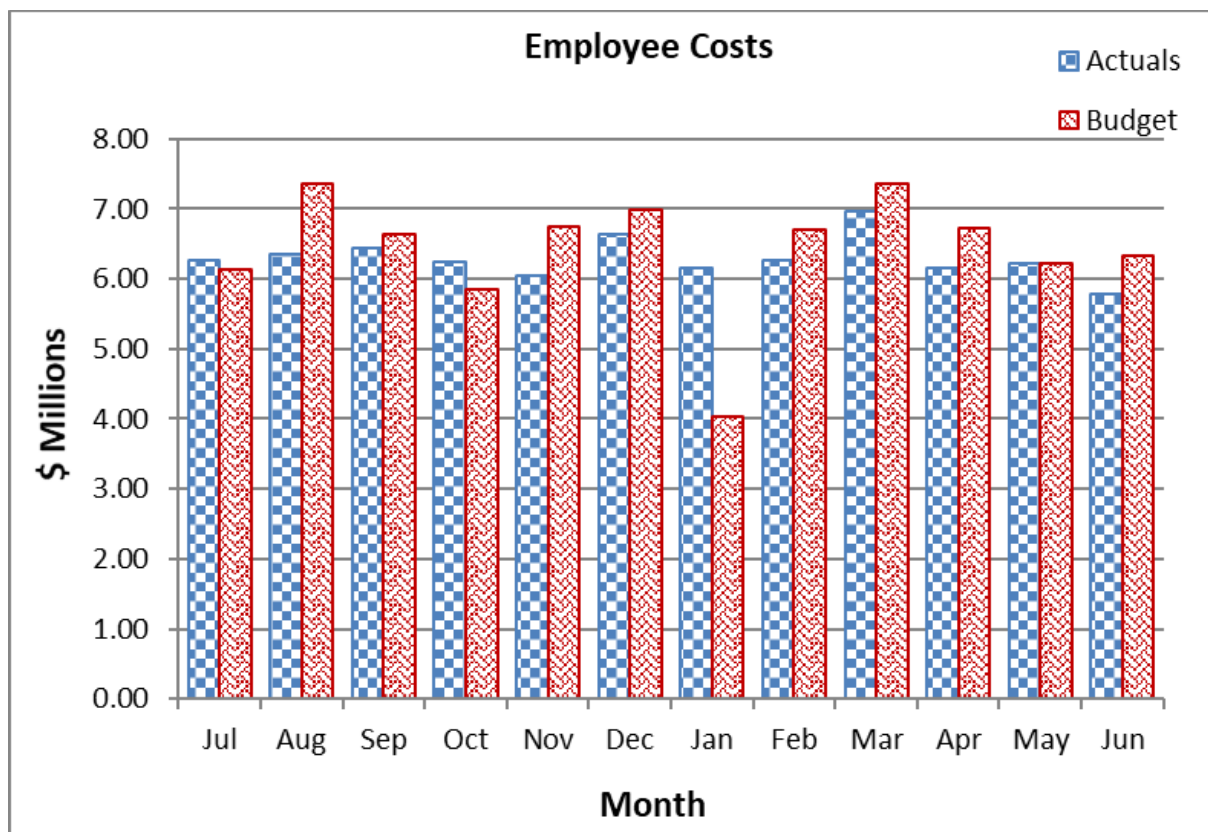
Note 6 Employee Costs

Month to Date - (Actual \$5.8m, Revised Budget \$6.3m)

The favourable variance of \$537k is mainly due to deferment in backfilling certain vacant roles in current market conditions.

Year to Date - (Actual \$75.5m, Revised Budget \$77.1m)

The variance is favourable by \$1.5m mainly due to deferment in backfilling certain vacant roles due to current market conditions.



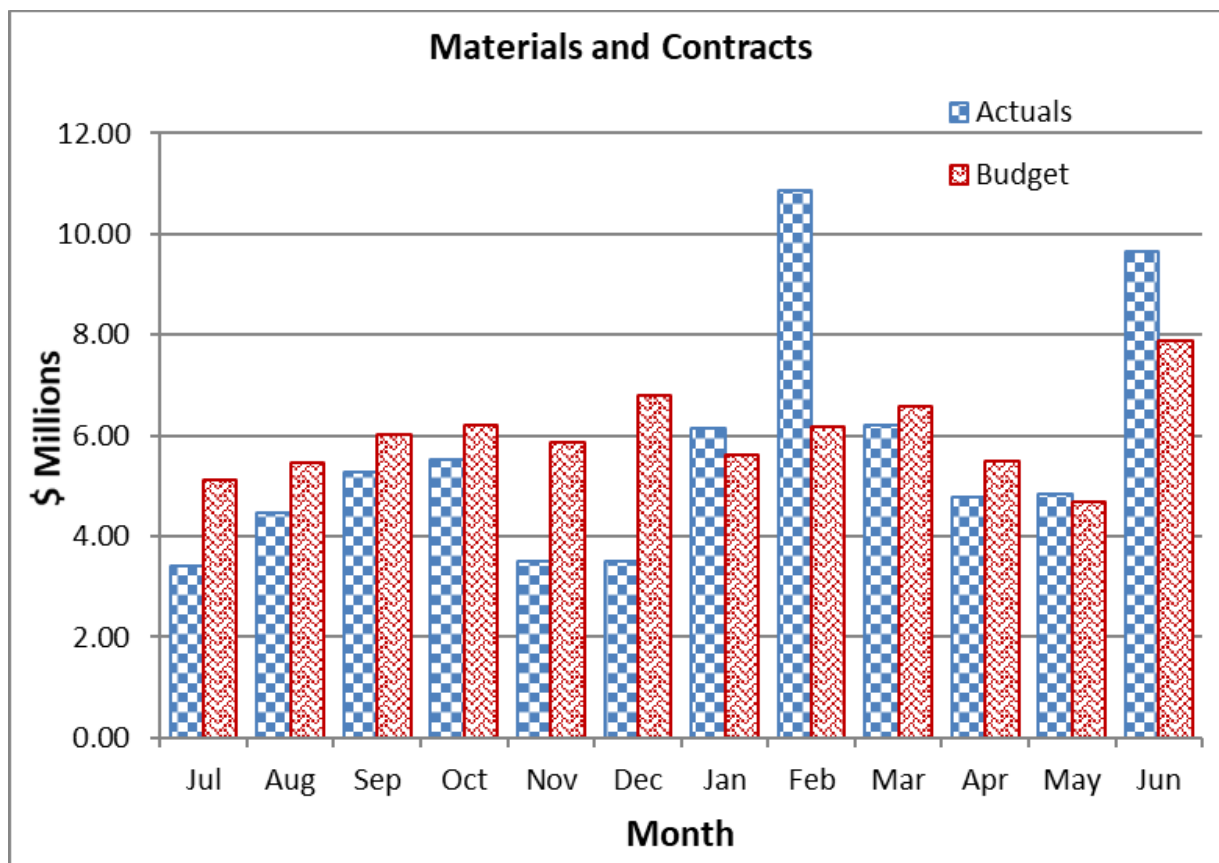
Note 7 Materials & Contracts

Month to Date - (Actual \$9.5m, Revised Budget \$7.9m)

The unfavourable variance of \$1.6m is mainly due to higher Refuse Removal expenses of \$1.3m and an accrual of \$500k Legal Fees for potential legal expenses.

Year to Date - (Actual \$68.0m, Revised Budget \$71.9m)

The variance is favourable by \$3.8m mainly due to lower Refuse Removal Expenses due to reduced waste volumes.



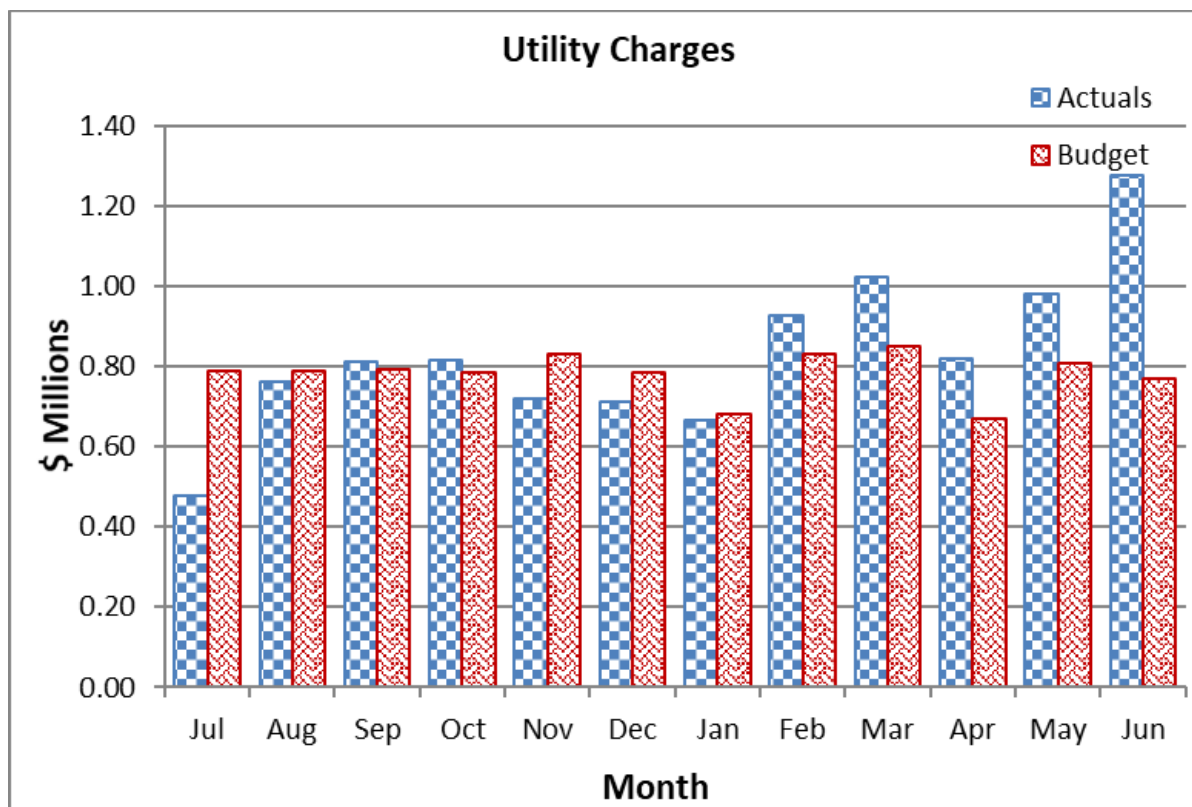
Note 8 Utility Charges

Month to Date - (Actual \$1.4m, Revised Budget \$769k)

The unfavourable variance of \$657k is mainly due to higher electricity expenses of \$632k higher water consumption and service charges of \$17k and telephone expenses of \$8k.

Year to Date - (Actual \$10.1m, Revised Budget \$9.4m)

The unfavourable variance of \$695k is mainly due to higher electricity expenses of \$541k, higher water consumption expenses of \$210k partially offset by and lower gas expenses of \$56k.



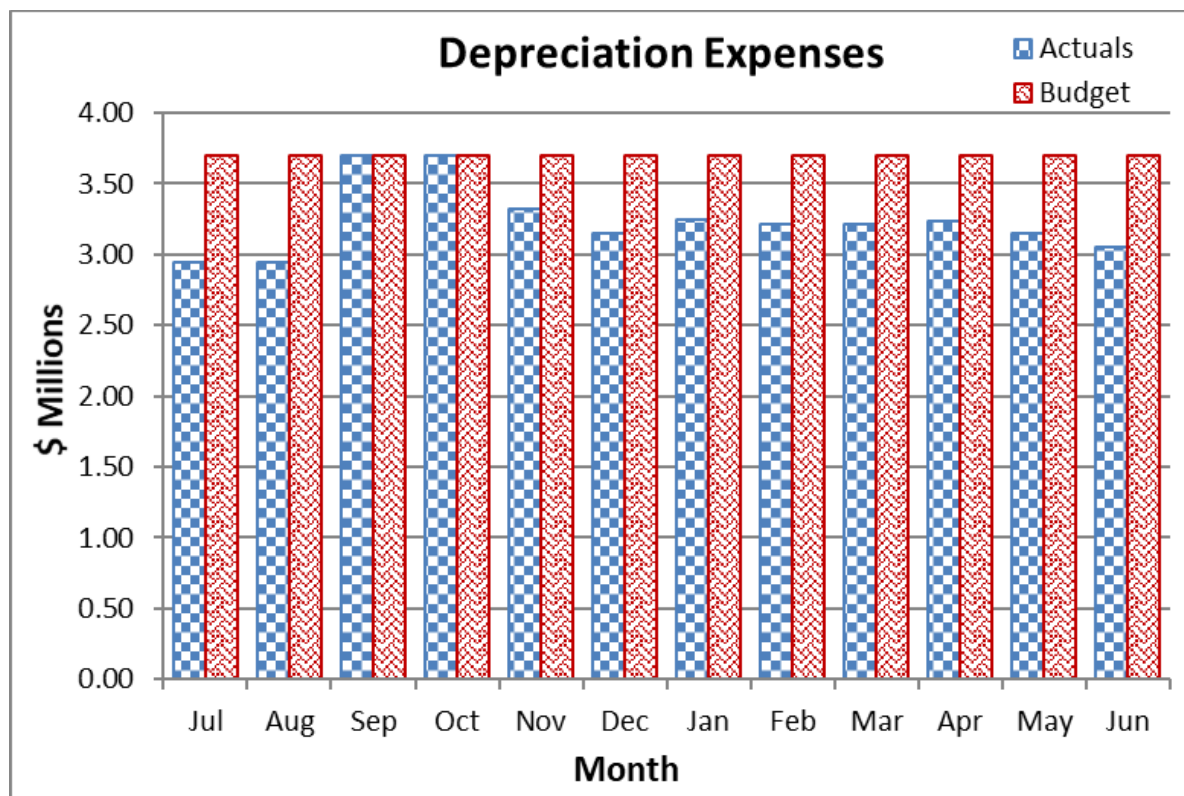
Note 9 Depreciation

Month to Date - (Actual \$3.1m, Revised Budget \$3.7m)

The favourable variance of \$645k is due to lower depreciation related to various Buildings of \$220k, Roads of \$242k and Pathways of \$97k, Furniture and Equipment of \$104k partially offset by higher depreciation expenses related to Reserves of \$36k.

Year to Date - (Actual \$38.9m, Revised Budget \$44.4m)

The favourable variance of \$5.5m is mainly due to lower depreciation related to various Buildings of \$2.7m, Infrastructure - Roads of \$2.3m and Furniture and Equipment of \$363k.



Non Operating Revenue & Expenses

Note 10 Non Operating Grants, Subsidies & Contributions

Month to Date – (Actual \$2.9m, Revised Budget \$-1.6m)

The favourable variance of \$4.5m is mainly attributed to Capital Grants received from Commonwealth Governments and Cash Capital Contribution Income received for various infrastructure projects.

Under the Australian Accounting Standard AASB 1058, grants with performance obligations can only be recognised upon meeting the performance obligations as per the grant agreement.

Year to Date – (Actual \$20.7m, Revised Budget \$17.9m)

The favourable variance of \$2.9m is mainly due to Capital Grants received from Commonwealth Government.

Note 11 Contributed Physical Assets

Month to Date – (Actual \$4.1m, Revised Budget \$4.7m)

The unfavourable variance of \$607k due to timing differences of handing over of physical assets by residential land developers.

Year to Date – (Actual \$13.9m, Revised Budget \$12.5m)

The favourable variance of \$1.7m due to contribution of various physicals assets by residential land developers.

Note 12 Non Operating Contract Expenses**Month to Date – (Actual \$0, Revised Budget \$15m)**

The favourable variance is due to timing difference of actual payment, finalised on 31 of August 2021.

Year to Date – (Actual \$14.2m, Revised Budget \$15.0m)

The favourable variance of \$831k is due to difference between original estimate used for the budget and actual payment of \$14.2m.

Note 13 Profit / Loss on Asset Disposals**Month to Date – (Combined Actual \$1.7m, Combined Revised Budget \$139k)**

The favourable variance of \$1.5m is due to disposal of residential land.

Year to Date – (Combined Actual \$4.2m, Combined Revised Budget \$3.9m)

The variance is favourable by \$225k due to higher profit from disposal of land.

Note 14 TPS & DCP Revenues**Month to Date – (Actual \$-1.2m, Revised Budget \$2.9m)**

The unfavourable variance of \$4.1m is mainly due to delay in receipt of headworks levies Contributions from cells.

Year to Date – (Actual \$7.3m, Revised Budget \$13.1m)

The unfavourable variance of \$5.8m is mostly due to the delay in estimated receipt of headworks levies.

Note 15 TPS & DCP Expenses**Month to Date – (Actual \$2.9m, Revised Budget \$2.0m)**

The unfavourable variance of 975k is due to higher Contract Expenses.

Year to Date – (Actual \$8.5m, Revised Budget \$7.8m)

The unfavourable variance of \$623k is due to higher Contract Expenses.

Statement of Financial Position (Attachment 2)

CITY OF WANNEROO
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

Description	30 June 2021 Actual \$	30 June 2022 Actual \$	Movement		Notes
			\$	%	
Current Assets	430,809,782	463,221,395	32,411,613	7.5	
Current Liabilities	(89,865,838)	(106,663,171)	(16,797,333)	(18.7)	
NET CURRENT ASSETS	340,943,944	356,558,224	15,614,281	4.6	1
Non Current Assets	2,338,323,308	2,354,980,967	16,657,659	0.7	2
Non Current Liabilities	(161,585,978)	(161,460,862)	125,116	0.1	3
NET ASSETS	2,517,681,273	2,550,078,328	32,397,055	1.3	
TOTAL EQUITY	(2,517,681,273)	(2,550,078,328)	32,397,055	1.3	

Note 1 - Net Current Assets

Compared to the opening position as at 30 June 2021, Net Current Assets have increased by \$16.0m, due to increased cash balances. The cash position is expected to reduce with payments for Operating and Capital expenditures in future and transfers to Reserves to be finalised as part of the end of financial year processes.

Net Current Assets movements mainly consist of a net increase of Investments and Cash of \$34.7m, partially offset by net decrease of Receivables and Inventories by \$2.4m and net increase of Payables by \$16.8m.

Note 2 - Non-Current Assets

Non-Current Assets as at 30 June 2022 have increased \$16.7m, from 30 June 2021, mainly due to increase in Work in Progress Infrastructure Assets of \$26.5m partially offset by disposal of infrastructure Assets of \$6.2m, disposal of Furniture and Fittings of \$2.4m and disposal of land of 2.7m.

Note 3 - Non-Current Liabilities

Non-Current Liabilities as at 30 June 2022 have increased by \$125k which is due to movement in payables.

The existing loan with the Western Australia Treasury Corporation remains unchanged making up 40% of total Non-Current Liabilities. The balance 60% consists of various other loans, provisions and payables.

Financial Performance Indicators

The table below presents data on relevant financial ratios, comparing the minimum standard expected as per the **DLGSCI** status at the year to date figures, and at the same period of the last year.

A green highlight is used where the minimum standard is met or exceeded. Highlighted in red is below the standard (where relevant).

Details	DLGSCI Minimum Standard	As at 30/06/2021	As at 30/06/2022	For the month - Minimum Standard Met
Current Ratio				
The ability to meet short term financial obligations from unrestricted current assets.				
Current Assets - Restricted Current Assets (RCA)	=>1.00:1	1.55:1	1.16:1	YES
Current Liabilities (CL) - CL Associated with RCA				
Debt Service Cover Ratio				
The ability to produce enough cash to cover debt payments.				
Operating Surplus before Interest & Depreciation	=>2.00:1	18.31:1	12.29:1	YES
Principle & Interest Repayments				
Own Source Revenue Coverage Ratio				
The ability to cover costs through own revenue efforts.				
Own Source Operating Revenue	=>0.40:1	1.00:1	0.99:1	YES
Operating Expense				
Operating Surplus Ratio				
The ability to cover operational costs and have revenues available for capital funding or other purposes.				
Operating Revenue - Operating Expense	=>0.01:1	0.08:1	0.07:1	YES
Own Source Operating Revenue				

Capital Works Program

The status of the Capital Works Program is summarised by Sub-Program in the table below:

Sub-Program	No. of Projects	Current Month Actual \$	YTD Actual \$	Revised Budget \$	% Spend
Community Buildings	20	336,481	1,520,487	2,380,731	64%
Community Safety	9	264,290	1,343,954	2,544,416	53%
Conservation Reserves	4	138,929	364,683	464,500	79%
Corporate Buildings	4	4,224	816,627	1,045,510	78%
Environmental Offset	5	46,579	241,836	406,575	59%
Fleet Management - Corporate	6	353,210	4,872,074	11,439,880	43%
Foreshore Management	8	385,048	657,321	1,741,185	38%
Golf Courses	3	312,547	406,944	649,404	63%
Investment Projects	13	200,532	960,323	2,478,382	39%
IT Equipment and Software	16	860,519	6,223,413	9,513,463	65%
Parks Furniture	12	87,664	4,315,301	4,272,045	101%
Parks Rehabilitation	1	414,802	1,439,076	1,486,800	97%
Passive Park Development	9	49,317	1,212,359	1,282,219	95%
Pathways and Trails	7	742,685	2,286,869	3,863,249	59%
Roads	20	734,877	6,252,621	7,727,496	81%
Sports Facilities	50	1,192,202	8,876,217	14,156,893	63%
Stormwater Drainage	2	189,767	461,049	570,000	81%
Street Landscaping	7	34,350	173,955	336,810	52%
Traffic Treatments	14	593,856	1,745,576	2,764,321	63%
Waste Management	3	35,909	1,460,697	2,194,661	67%
Grand Total	213	6,977,789	45,631,382	71,318,540	64.0%

During the month of June 2022, the City incurred \$7.0m of capital expenditure. Up to 30 June 2022, the City has spent \$45.6m, which represents 64.0% of the \$71.3m Capital Works Revised Budget.

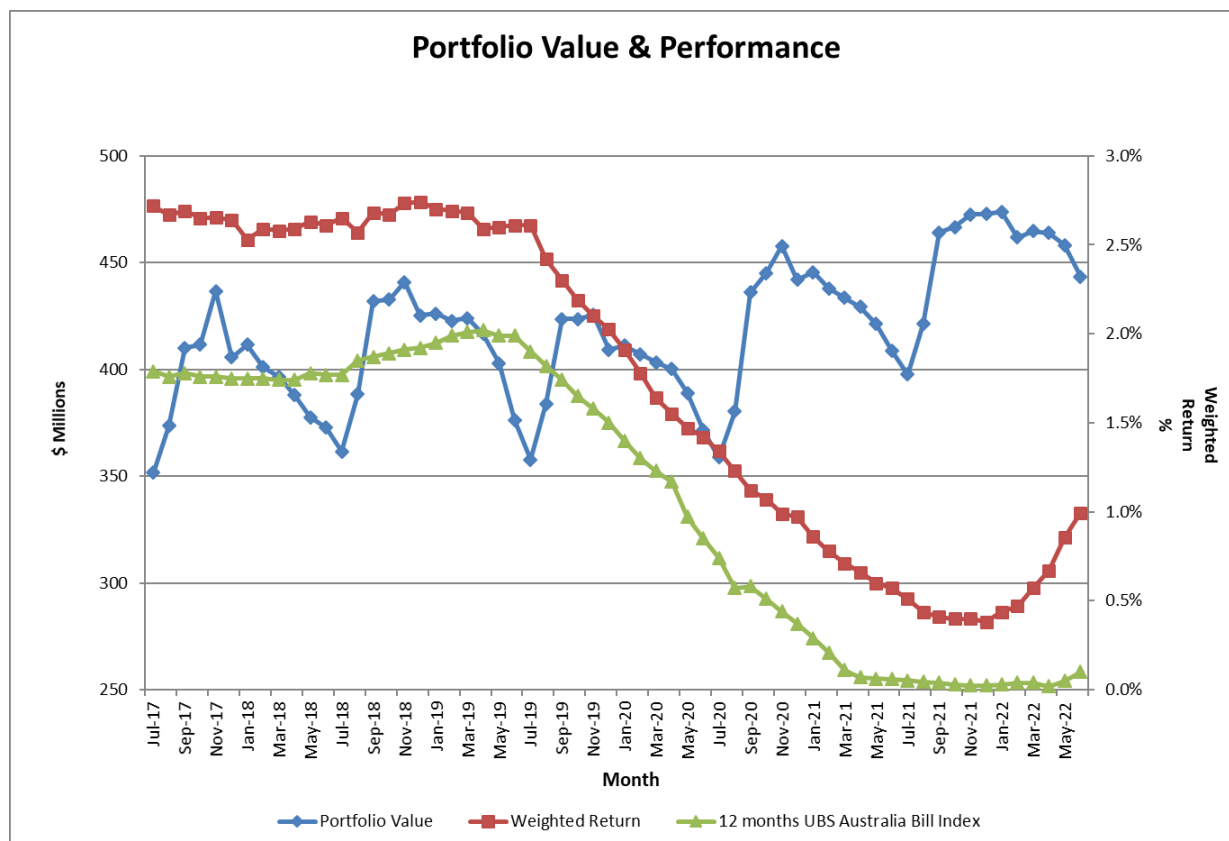
Capital Expenditure to June 2022 – Portfolio View Only



To further expand on the Capital Works Program information above, updates in key capital projects are selected to be specifically reported on, is provided in the Top Capital Projects attachment to this report (**Attachment 3**).

Investment Portfolio (Attachment 4)

In accordance with the *Local Government (Financial Management) Regulations 1996* (and per the City’s Investment Policy), the City invests solely in Authorised Deposit taking Institutions (**ADI’s**):



At the end of June 2022, the City held an investment portfolio (cash & cash equivalents) of \$443.4m (Face Value), equating to \$444.7m inclusive of accrued interest. The City’s year to date investment portfolio return has exceeded the UBS Australia Bank Bill rate index benchmark by 0.90% pa (1.00% pa vs. 0.10% pa), which is 0.47% greater than the Interest Earnings budgeted at a 0.43% yield.

Rate Setting Statement (Attachment 5)

The Rate Setting Statement represents a composite view of the finances of the City, identifying the movement in the Surplus (Deficit) based on the Revenues (excluding Rates), Expenses, Capital Works and Funding Movements, resulting in the Rating Income required. It is noted that the closing Surplus (Deficit) will balance to the reconciliation of Net Current Assets Surplus (Deficit). Whilst a year-to-date surplus of \$62.3m is reported, this amount is expected to reduce once all the final end of year entries and transfers to Reserves are captured.

NET CURRENT ASSETS SURPLUS/(DEFICIT) CARRIED FORWARD

AS AT 30 JUNE 2022

Description	30 June 2021 Actual \$	30 June 2022 Actual \$	30 June 2022
			Adopted Budget \$
Current Assets			
Cash & Cash Equivalents - Unrestricted	66,255,665	109,841,081	5,098,612
Cash & Cash Equivalents - Restricted	348,357,435	339,546,700	344,199,497
Receivables	15,892,600	13,504,758	16,539,300
Inventory	304,083	328,855	326,400
TOTAL CURRENT ASSETS	430,809,782	463,221,395	366,163,809
Current Liabilities			
Payables*	(68,221,797)	(83,555,091)	(29,724,590)
Provisions	(21,644,041)	(23,108,080)	(21,687,259)
TOTAL CURRENT LIABILITIES	(89,865,838)	(106,663,171)	(51,411,849)
Net Current Assets	340,943,944	356,558,224	314,751,960
Adjustments for Restrictions			
Cash & Cash Equivalents - Restricted	(348,357,434)	(339,546,700)	(344,199,497)
Provision for leave liability (Cash Backed)	13,280,492	13,927,001	12,631,569
Contract Liabilities*	26,552,348	28,440,766	14,435,412
Contract Assets *	0	0	-
TPS Receivables	(648,800)	(648,800)	-
TPS Payables	1,228,243	3,555,697	-
TOTAL RESTRICTED ASSETS	(307,945,151)	(294,272,035)	(317,132,516)
Surplus/(Deficit) Carried Forward	32,998,793	62,286,189	(2,380,556)

*The change in the AASB Standard 15 has resulted in the City now recognising Grants and Contributions received as a liability when performance obligations have not yet been met.

Consultation

This document has been prepared in consultation with Responsible Officers for review and analysis.

Comment

In reference to Statement of Comprehensive Income in the report, the following colours have been used to categorise three levels of variance:

Revenues:

- Green > 0%;
- Amber -0% to -10%; and
- Red < -10%.

Expenses:

- Green > 0%;
- Amber -0% to -10%; and
- Red < -10%.

Statutory Compliance

This monthly financial report complies with Section 6.4 of the Act and Regulations 33A and 34 of the Local Government.

Strategic Implications

The proposal aligns with the following objective within the Strategic Community Plan 2021 – 2031:

7 ~ A well governed and managed City that makes informed decisions, provides strong community leadership and valued customer focused services

7.2 - Responsibly and ethically managed

Risk Management Considerations

Risk Title	Risk Rating
Financial/Commercial	Moderate
Accountability	Action Planning Option
Director Corporate Strategy & Performance	Manage

The above risk relating to the issue contained within this report has been identified and considered within the City's Corporate Risk Register. Action plans have been developed to manage this risk to support existing management systems.

Local Jobs

The City is prepared to accept a high level of financial risk provided that the City implements a risk management strategy to manage any risk exposure.

Strategic Growth

The City will accept a moderate level of financial risk for facilitating industry development and growth.

Any strategic objective including ongoing planning, funding and capital investment to develop infrastructure strategic assets carries financial risks."

Policy Implications

The following policies are relevant for this report:

- Accounting Policy;
- Investment Policy;
- Reserves Policy; and
- Strategic Budget Policy

Financial Implications

As outlined in the report and detailed in Attachments 1 to 5.

Voting Requirements

Simple Majority

Recommendation

That Council RECEIVES the Financial Activity Statement and commentaries on variances year to date Budget for the period ended 30 June 2022 consisting of:

1. June 2022 year to date Financial Activity Statement;
2. June 2022 year to date Net Current Assets Position; and
3. June 2022 year to date Material Financial Variance Notes.

Attachments:

1	<i>Attachment 1 - Statement of Comprehensive Income June 2022</i>	<i>22/288554</i>
2	<i>Attachment 2 - Statement of Financial Position June 2022</i>	<i>22/288560</i>
3	<i>Attachment 3 - Top Projects 2021-22 - June 2022</i>	<i>22/288565</i>
4	<i>Attachment 4 - Investment Portfolio June 2022</i>	<i>22/288567</i>
5	<i>Attachment 5 - Rate Setting Statement June 2022</i>	<i>22/288573</i>

CITY OF WANNEROO
STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE
FOR THE PERIOD ENDED 30 JUNE 2022

Attachment 1

Description	Current Month					Year to Date					Annual				
	Actual	Revised Budget	Variance		Notes	Actual	Revised Budget	Variance		Original Budget	Revised Budget	Variance		Notes	
	\$	\$	\$	%		\$	\$	\$	%	\$	\$	\$	%		
Revenues															
Rates	(11,855)	300,000	(311,855)	(104.0)	R 1	139,296,136	141,062,080	(1,765,944)	(1.3)	A	141,191,680	141,062,080	(129,600)	(0)	1
Operating Grants, Subsidies & Contributions	1,414,435	449,319	965,116	214.8	G 2	14,479,107	7,974,913	6,504,194	81.6	G	8,015,370	7,974,913	(40,457)	(1)	2
Fees & Charges	1,158,984	1,569,501	(410,517)	(26.2)	R 3	49,071,881	50,661,708	(1,589,827)	(3.1)	A	50,296,054	50,661,708	365,654	1	3
Interest Earnings	374,617	242,275	132,342	54.6	G 4	3,102,646	2,710,004	392,642	14.5	G	2,283,458	2,710,004	426,546	16	4
Other Revenue	39,425	70,670	(31,245)	(44.2)	R 5	959,132	713,234	245,898	34.5	G	725,295	713,234	(12,061)	(2)	5
Total Operating Revenue	2,975,605	2,631,765	343,840	13.1		206,908,901	203,121,939	3,786,962	1.9		202,511,857	203,121,939	610,082	0	
Expenses															
Employee Costs	(5,782,639)	(6,319,398)	536,759	8.5	G 6	(75,533,729)	(77,057,519)	1,523,790	2.0	G	(77,092,475)	(77,057,519)	34,956	0	6
Materials & Contracts	(9,504,614)	(7,891,475)	(1,613,140)	(20.4)	R 7	(68,043,995)	(71,886,030)	3,842,035	5.3	G	(73,738,173)	(71,886,030)	1,852,143	3	7
Utility Charges	(1,426,314)	(769,220)	(657,094)	(85.4)	R 8	(10,070,767)	(9,376,215)	(694,552)	(7.4)	A	(9,755,555)	(9,376,215)	379,340	4	8
Depreciation	(3,055,253)	(3,700,952)	645,699	17.4	G 9	(38,879,607)	(44,411,424)	5,531,817	12.5	G	(44,411,424)	(44,411,424)	0	0	9
Interest Expenses	(357,490)	(343,178)	(14,312)	(4.2)	A	(4,198,747)	(4,115,430)	(83,317)	(2.0)	A	(4,115,430)	(4,115,430)	0	0	
Insurance	(111,710)	(185,214)	73,504	39.7	G	(1,336,700)	(1,272,633)	(64,067)	(5.0)	A	(1,285,633)	(1,272,633)	13,000	1	
Total Operating Expenditure	(20,238,020)	(19,209,437)	(1,028,584)	(5.4)		(198,063,546)	(208,119,251)	10,055,705	4.8		(210,398,690)	(208,119,251)	2,279,439	1	
RESULT FROM OPERATIONS	(17,262,415)	(16,577,672)	(684,744)	(4.1)		8,845,355	(4,997,312)	13,842,668	(277.0)		(7,886,833)	(4,997,312)	2,889,521	(58)	
Non Operating Revenue & Expenses															
Non Operating Grants, Subsidies & Contributions	2,915,247	(1,591,188)	4,506,435	283.2	G 10	20,757,113	17,865,363	2,891,750	16.2	G	19,076,024	17,865,363	(1,210,661)	(7)	10
Contributed Physical Assets	4,140,427	4,747,753	(607,326)	(12.8)	R 11	13,926,525	12,232,312	1,694,213	13.9	G	12,180,000	12,232,312	52,312	0	11
Non Operating Contract Expenses	0	(15,000,000)	15,000,000	100.0	G 12	(14,168,717)	(15,000,000)	831,283	5.5	G	(15,000,000)	(15,000,000)	0	0	12
Profit on Asset Disposals	1,675,263	139,166	1,536,097	1,104	G 13	4,596,039	4,945,035	(348,996)	(7.1)	A	4,945,035	4,945,035	0	0	13
Loss on Assets Disposals	0	0	0	0.0	G 13	(438,739)	(1,013,273)	574,534	56.7	G	(1,013,273)	(1,013,273)	0	0	13
TPS* & DCP** Revenues	(1,188,619)	2,875,695.00	(4,064,314)	(141.3)	R 14	7,346,036	13,124,837	(5,778,801)	(44.0)	R	25,630,638	13,124,837	(12,505,801)	(95)	14
TPS* & DCP** Expenses	(2,928,670)	(1,953,661)	(975,009)	(49.9)	R 15	(8,466,558)	(7,843,246)	(623,312)	(7.9)	A	(19,907,771)	(7,843,246)	12,064,525	(154)	15
Total Non Operating Revenue and Expenses	4,613,649	(10,782,235)	15,395,884	(142.8)		23,551,700	24,311,028	(759,328)	(3.1)		25,910,653	24,311,028	(1,599,625)	(7)	
NET RESULT (OPERATING & NON OPERATING)	(12,648,766)	(27,359,907)	14,711,141	53.8		32,397,055	19,313,716	13,083,339	(67.7)		18,023,820	19,313,716	1,289,896	7	
Other Comprehensive Income	0	0	0	0.0		0	0	0	0.0		0	0	0	0	
TOTAL COMPREHENSIVE INCOME	(12,648,766)	(27,359,907)	14,711,141	53.8		32,397,055	19,313,716	13,083,339	67.7		18,023,820	19,313,716	1,289,896	7	

Key
> 0% G - Green
-0% to -10% A - Amber
< -10% R - Red

*TPS=Town Planning Schemes
 **DCP=Developers Contribution Plans

Attachment 2

CITY OF WANNEROO
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022 (INTERIM)

Description	30/06/2021 Actual \$	30/06/2022 Actual \$
Current Assets		
Cash at Bank	3,222,152	109,841,081
Investments	411,390,947	339,546,700
Receivables	15,892,600	13,504,758
Inventories	304,083	328,855
	430,809,782	463,221,395
Current Liabilities		
Payables	(68,221,797)	(83,555,091)
Provisions	(21,644,041)	(23,108,080)
	(89,865,838)	(106,663,171)
NET CURRENT ASSETS	340,943,944	356,558,224
Non Current Assets		
Receivables	4,098,119	4,271,618
Investments	13,175,888	13,149,598
Inventories	21,764,680	21,764,680
Land	121,763,000	119,014,129
Buildings	206,236,901	205,352,622
Plant & Equipment	21,664,781	23,845,148
Furniture & Fittings	8,889,467	6,479,874
Infrastructure	1,886,953,505	1,880,793,687
Work in Progress	53,776,967	80,309,611
	2,338,323,308	2,354,980,967
Non Current Liabilities		
Interest Bearing Liabilities	(74,334,488)	(74,334,488)
Provisions & Payables	(87,251,490)	(87,126,374)
	(161,585,978)	(161,460,862)
NET ASSETS	2,517,681,273	2,550,078,328
Equity		
Retained Surplus	(1,208,806,571)	(1,245,586,306)
Reserves - Cash/Investment Backed	(244,930,312)	(240,544,612)
Reserves - Asset Revaluation	(1,063,944,390)	(1,063,947,411)
TOTAL EQUITY	(2,517,681,273)	(2,550,078,328)

Top Capital Projects 2021/22 - Month June 2022																	
PMO Project Registration				Financial Summary (Annual Funding)				Total Project Budget			Project Indicators				Project Progress		
PMO Code	Finance Code	Container	Project Name	Project Budget Current Year	Actual Expenditure	Forecast to End of Year	Budget Variance Under /(Over)	Total Project Budget	Estimate at Completion	Total Budget Variance Under /(Over)	Schedule	Current Year Budget	Total Budget	Overall Risk Rating	Work % Complete	Stage	Council Comments
PMO16052	002616	23740	Neerabup Industrial Area (Existing Estate), Neerabup, Upgrade Roads and Services Infrastructure	1,531,973	108,690	0	1,423,283	5,355,000	5,442,641	(87,641)					28	S4. Design	The initial design of the drainage had constructability issues that could be avoided by a re-design of the drainage system. The redesign is completed. Tender process for construction anticipated July to September 2022. Carry forward budget to next financial year.
PMO16061	002955	23756	Halesworth Park, Butler, New Sports Facilities	1,086,464	966,175	0	120,289	21,124,937	21,124,936	1					71	S5. Delivery	Report to determine the scope for re-tendering 'Construction of Sports Pavilions' to be presented to Council as remaining project funds insufficient for delivery of the two pavilions and storage shed as designed. Temporary accommodation for sports users and clubs installed, with further units to be relocated from Kingsway. The delivery schedule remains at risk and the project may be subject to delay due to ongoing increases in construction costs and insufficient funding. Carry forward budget to next financial year.
PMO16175	002664	25883	Landsdale Library and Youth Innovation Hub, New Building	293,991	165,549	0	128,442	10,451,250	10,451,250	(0)					53	S4. Design	Hospitality consultant appointed to seek feedback from operators of hospitality businesses in areas that are linked to attractions and environments other than a shopping centre food court. Findings and recommendations report to Council anticipated August 2022. Building design on hold until a decision is made on the preferred concept in consideration of the hospitality requirements. The Aboriginal naming process nearing completion. Community consultation and design reviews are envisaged to follow as a next stage. Carry forward budget to next financial year.
PMO18063	004088	30136	Neerabup Industrial Area, Neerabup, New Development of Lot 9003	958,531	399,906	0	558,625	15,405,004	15,405,003	1					30	S5. Delivery	Works to be split into four projects. Change Control to follow to amend Total Budget allocations. PMO18063 Neerabup Industrial Area, Neerabup, New Development of Lot 9003 (this project). Stage 1 Resource Extraction works continues. PMO21013 Neerabup Industrial Area, Neerabup, New Renewable Energy Delivery PMO21014 Neerabup Industrial Area, Neerabup, New Water Provisions Development PMO22036 (new project) Neerabup Industrial Area, Neerabup, New Development of Lot 9100. Carry forward budget to next financial year.
PMO19001	002792	32947	Dalvik Park, Merriwa, New Sports Amenities Building and Carpark	1,542,780	1,394,736	0	148,044	2,213,306	2,213,305	1					99	S6. Close-Out	Building handover completed. Irrigation and landscaping ongoing through cooler months. Carry forward budget to next financial year.

Top Capital Projects 2021/22 - Month June 2022																		
PMO Project Registration				Financial Summary (Annual Funding)				Total Project Budget			Project Indicators				Project Progress			
PMO Code	Finance Code	Container	Project Name	Project Budget Current Year	Actual Expenditure	Forecast to End of Year	Budget Variance Under / (Over)	Total Project Budget	Estimate at Completion	Total Budget Variance Under / (Over)	Schedule	Current Year Budget	Total Budget	Overall Risk Rating	Work % Complete	Stage	Council Comments	
PMO19071	004180	37143	Alexander Drive, Landsdale, New Shared Pathway from Gngangara Rd to Hepburn Ave	1,294,234	23,530	0	1,270,704	3,200,000	3,200,358	(358)					25	S5. Delivery	Western Power (WP) investigating an alternative arrangement for a critical automated high voltage switch resulting in delays to construction. Carry forward budget to next financial year.	
PMO19098	004219	37618	Quinns Road, Quinns Rocks, Upgrade Traffic Treatments Tapping Way Roundabout to Marmion Ave	1,105,424	1,100,571	0	4,853	1,207,638	1,221,271	(13,633)					93	S5. Delivery	Schedule overrun. City construction team are tidying up site. Marmion Ave intersection median island paving and linemarking completion anticipated for July 2022. Linemarking by MRWA to follow the paving works.	
PMO20004	004238	38839	Three Bin Kerbside Collection New System	1,737,769	1,247,088	0	490,681	6,794,858	6,304,177	490,681					100	S7. Project Finished	Roll out of the new bin system project completed with savings.	
PMO20049	004271	40569	Splendid Park, Yanchep, New Cycling Facility	594,690	303,542	0	291,148	4,737,600	4,737,600	(0)					77	S5. Delivery	Completion of construction of the new cycling facility by Advantearing Civil Engineers anticipated for November 2022. Completed works include clearing, survey & setout, service locating, dilapidation survey, and demolition. Upcoming works include completion of the earthworks, construction of retaining walls, and installation of sub-soil services. During construction, temporary traffic/pedestrian management will be implemented to safely manage traffic and pedestrians in maintaining existing use of the sporting facility at Splendid Park. Carry forward budget to next financial year.	
PMO20057	004277	40645	Alkimos, New Alkimos Aquatic and Recreation Centre	3,449,452	85,461	0	3,363,991	40,000,000	40,000,001	(1)					23	S4. Design	Carry forward budget to next financial year as a result of protracted sale negotiation.	
PMO21060	004347	42656	Flynn Drive, Neerabup, Upgrade from Wanneroo Road to Old Yanchep Road	614,397	577,047	0	37,350	22,750,001	22,750,000	1					47	S4. Design	Detailed design issued by consultant to City for review and checking. Design consultant waiting feed back from utility providers to possible relocation works required based on the 100% detailed design.	
				14,209,705	6,372,294	0	7,837,411	133,239,594	132,850,542	389,052								

Schedule Status-Indicator	Budget Indicators (Annual & Total)	Overall Risk Indicator
On Target-Baseline (<10%time increase)	On Target (Variance <10%)	Low
Behind Schedule (10 - 20%time increase)	Almost on Budget (Variance of 10 - 20%)	Medium
Behind Schedule (>20%time increase)	Under / Over Budget (Variance > 20%)	High

INVESTMENT SUMMARY - As At 30 June 2022										
Face Value \$	Interest Rate %	Borrower	Rating	Maturity Date	Purchase price	Deposit Date	Current Value \$	YTD Accrued Interest \$		Accrued Interest
Current Account Investment Group										
13,355,000.00	0.20	Commonwealth Bank of Australia Perth	A1	N/A		N/A	13,355,000.00			
13,355,000.00	0.20%						13,355,000.00			
Term Investment Group										
5,000,000.00	0.35	National Australia Bank	A1	14-July-2022	5,000,000.00	13-July-2021	5,016,876.71	16,876.71		16,876.71
5,000,000.00	0.33	Westpac Banking Corporation	A1	18-August-2022	5,000,000.00	18-August-2021	5,005,967.12	14,284.93		5,967.12
15,000,000.00	0.32	Westpac Banking Corporation	A1	24-August-2022	15,000,000.00	24-August-2021	15,016,569.86	40,767.12		16,569.86
0.00	0.43	Bankwest	A1	10-June-2022	15,000,000.00	10-June-2021	0.00	-		0.00
0.00	0.35	Westpac Banking Corporation	A1	20-June-2022	5,000,000.00	18-June-2021	0.00	-		0.00
5,000,000.00	0.35	Westpac Banking Corporation	A1	28-July-2022	5,000,000.00	28-July-2021	5,016,157.53	16,157.53		16,157.53
15,000,000.00	0.35	National Australia Bank	A1	29-July-2022	15,000,000.00	29-July-2021	15,048,328.77	48,328.77		48,328.77
10,000,000.00	0.34	National Australia Bank	A1	05-August-2022	10,000,000.00	06-August-2021	10,030,553.42	30,553.42		30,553.42
10,000,000.00	0.35	National Australia Bank	A1	12-August-2022	10,000,000.00	11-August-2021	10,030,972.60	30,972.60		30,972.60
15,000,000.00	0.33	Westpac Banking Corporation	A1	12-August-2022	15,000,000.00	12-August-2021	15,018,443.83	43,668.49		18,443.83
20,000,000.00	0.34	Westpac Banking Corporation	A1	16-September-2022	20,000,000.00	16-September-2021	20,019,747.94	53,468.49		19,747.94
20,000,000.00	0.33	Westpac Banking Corporation	A1	16-September-2022	20,000,000.00	16-September-2021	20,019,167.12	51,895.89		19,167.12
15,000,000.00	0.35	Suncorp	A1	08-September-2022	15,000,000.00	22-September-2021	15,040,417.81	40,417.81		40,417.81
10,000,000.00	0.35	Suncorp	A1	22-September-2022	10,000,000.00	22-September-2021	10,026,945.21	26,945.21		26,945.21
15,000,000.00	0.35	Suncorp	A1	28-September-2022	15,000,000.00	28-September-2021	15,039,554.79	39,554.79		39,554.79
10,000,000.00	0.35	Westpac Banking Corporation	A1	10-October-2022	10,000,000.00	07-October-2021	10,008,054.81	25,506.85		8,054.81
5,000,000.00	0.62	Commonwealth Bank of Australia Perth	A1	24-October-2022	5,000,000.00	22-October-2021	5,015,287.67	21,317.81		15,287.67
15,000,000.00	0.60	Australia & New Zealand Bank	A1	28-October-2022	15,000,000.00	29-October-2021	15,060,164.38	60,164.38		60,164.38
10,000,000.00	0.70	Members Equity Bank Melbourne	A2	09-November-2022	10,000,000.00	09-November-2021	10,044,684.93	44,684.93		44,684.93
10,000,000.00	0.70	Members Equity Bank Melbourne	A2	29-November-2022	10,000,000.00	29-November-2021	10,040,849.32	40,849.32		40,849.32
10,000,000.00	0.70	Members Equity Bank Melbourne	A2	14-December-2022	10,000,000.00	14-December-2021	10,037,972.60	37,972.60		37,972.60
25,000,000.00	0.75	Westpac Banking Corporation	A1	18-January-2023	25,000,000.00	18-January-2022	25,083,732.88	83,732.88		83,732.88
25,000,000.00	0.80	Westpac Banking Corporation	A1	20-January-2023	25,000,000.00	20-January-2022	25,088,219.18	88,219.18		88,219.18
10,000,000.00	0.89	Australia & New Zealand Bank	A1	30-January-2023	10,000,000.00	28-January-2022	10,037,306.85	37,306.85		37,306.85
10,000,000.00	0.87	Members Equity Bank Melbourne	A2	06-February-2023	10,000,000.00	04-February-2022	10,034,800.00	34,800.00		34,800.00
20,000,000.00	1.00	Australia & New Zealand Bank	A1	23-February-2023	20,000,000.00	23-February-2022	20,069,589.04	69,589.04		69,589.04
20,000,000.00	1.10	Members Equity Bank Melbourne	A2	09-March-2023	20,000,000.00	09-March-2022	20,068,109.59	68,109.59		68,109.59
30,000,000.00	1.66	Suncorp	A1	30-March-2023	30,000,000.00	30-March-2022	30,125,523.29	125,523.29		125,523.29
10,000,000.00	1.91	Australia & New Zealand Bank	A1	11-April-2023	10,000,000.00	11-April-2022	10,041,863.01	41,863.01		41,863.01
15,000,000.00	2.13	Commonwealth Bank of Australia Perth	A1	19-April-2023	15,000,000.00	19-April-2022	15,063,024.66	63,024.66		63,024.66
20,000,000.00	3.01	Commonwealth Bank of Australia Perth	A1	10-May-2023	20,000,000.00	10-May-2022	20,084,115.07	84,115.07		84,115.07
10,000,000.00	3.25	Members Equity Bank Melbourne	A2	22-May-2023	10,000,000.00	20-May-2022	10,036,506.85	36,506.85		36,506.85
15,000,000.00	3.70	Members Equity Bank Melbourne	A2	13-June-2023	15,000,000.00	10-June-2022	15,030,410.96	30,410.96		30,410.96
430,000,000.00	1.02%						431,299,917.81	1,447,589.04		1,299,917.81
	Weighted Return									
443,355,000.00	1.00%	Totals					444,654,917.81	1,447,589.04		1,299,917.81

0.10% 12 month UBS Australia Bank Bill Index for 30 June 2022 \$444,654,917.79

0.90% Differential between Council's Weighted Return and UBS Australia Bank Bill Index 0.02

Notes: Face Value - refers to the principal amount invested.

Interest Rate - refers to the annual interest rate applicable to the investment.

- Borrower - refers to the institution through which the City's monies are invested.

Rating - refers to the Standard & Poor Short Term Rating of the Borrower which, per Council Policy, must be a minimum of A2.

Current Value - refers to the accumulated value of the investment including accrued interest from time invested to current period.

**RATE SETTING STATEMENT
(FINANCIAL ACTIVITY STATEMENT)
FOR THE PERIOD ENDED 30 JUNE 2022**

Attachment 5

Description	Year To Date				Annual			
	Actual	Revised Budget	Variance		Adopted Budget	Revised Budget	Variance	
	\$	\$	\$	%	\$	\$	\$	%
Opening Surplus/(Deficit)	32,998,793	32,998,793	(0)	0	1,373,000	32,998,793	31,625,793	0
OPERATING ACTIVITIES								
Revenues								
Operating Grants, Subsidies & Contributions	14,479,107	7,974,913	6,504,194	82	8,015,370	7,974,913	(40,457)	(1)
Fees & Charges	49,071,881	50,661,708	(1,589,827)	(3)	50,296,054	50,661,708	365,654	1
Interest Earnings	3,102,646	2,710,004	392,642	14	2,283,458	2,710,004	426,546	16
Other Revenue	959,132	713,234	245,898	34	725,295	713,234	(12,061)	(2)
	67,612,765	62,059,859	5,552,906	9	61,320,177	62,059,859	739,682	1
Expenses								
Employee Costs	(75,533,729)	(77,057,519)	1,523,790	2	(77,092,475)	(77,057,519)	34,956	0
Materials & Contracts	(68,043,995)	(71,886,030)	3,842,035	5	(73,738,173)	(71,886,030)	1,852,143	3
Utility Charges	(10,070,767)	(9,376,215)	(694,552)	(7)	(9,755,555)	(9,376,215)	379,340	4
Depreciation	(38,879,607)	(44,411,424)	5,531,817	12	(44,411,424)	(44,411,424)	0	0
Interest Expenses	(4,198,747)	(4,115,430)	(83,317)	(2)	(4,115,430)	(4,115,430)	0	0
Insurance	(1,336,700)	(1,272,633)	(64,067)	(5)	(1,285,633)	(1,272,633)	13,000	1
	(198,063,546)	(208,119,251)	10,055,705	5	(210,398,690)	(208,119,251)	2,279,439	1
Non-Cash Amounts Excluded								
Depreciation	38,879,607	44,411,424	(5,531,817)	(12)	44,411,424	44,411,424	0	0
	(91,571,173)	(101,647,968)	10,076,795	10	(104,667,089)	(101,647,968)	3,019,121	3
INVESTING ACTIVITIES								
Non Operating Grants, Subsidies & Contributions	20,757,113	17,865,363	2,891,750	16	19,076,024	17,865,363	(1,210,661)	(7)
Contributed Physical Assets	13,926,525	12,232,312	1,694,213	0	12,180,000	12,232,312	52,312	0
Non Operating Contract Expenses	(14,168,717)	(15,000,000)	831,283	(15,000,000)	(15,000,000)	(15,000,000)	0	0
Profit on Asset Disposals	4,596,039	4,945,035	(348,996)	(7)	4,945,035	4,945,035	0	0
Loss on Assets Disposals	(438,739)	(1,013,273)	574,534	0	(1,013,273)	(1,013,273)	0	0
TPS & DCP Revenues	7,346,036	13,124,837	(5,778,801)	(44)	25,630,638	13,124,837	(12,505,801)	(95)
TPS & DCP Expenses	(8,466,558)	(7,843,246)	(623,312)	(8)	(19,907,771)	(7,843,246)	12,064,525	154
Capital Expenditure	(45,390,091)	(71,320,000)	25,929,909	36	(82,213,708)	(71,320,000)	10,893,708	15
Proceeds From Disposal Of Assets	6,000,540	8,640,000	(2,639,460)	(31)	8,640,000	8,640,000	0	0
	(15,837,851)	(38,368,972)	22,531,121	59	(47,663,055)	(38,368,972)	9,294,083	24
Non-Cash Amounts Excluded								
Contributed Physical Assets	(13,926,525)	(12,232,312)	(1,694,213)	14	(12,180,000)	(12,232,312)	(52,312)	0
Profit on Asset Disposals	(4,596,039)	(4,945,035)	348,996	(7)	(4,945,035)	(4,945,035)	0	0
Loss on Assets Disposals	438,739	1,013,273	(574,534)	(57)	1,013,273	1,013,273	0	0
Movement in Non Current Lease Liability	0	0	0	0	0	0	0	0
Movement in Equity Accounted Investments	26,290	(1,269,803)	1,296,093	(102)	0	(1,269,803)	(1,269,803)	100
Movement in Non- Current Deferred Pensioner Rates	(173,499)	209,228	(382,727)	(183)	0	209,228	209,228	100
Movement in Non- Current Leave Liability Provision	(125,116)	(25,805)	(99,311)	385	0	(25,805)	(25,805)	100
	(18,356,150)	(17,250,454)	(1,105,696)	6	(16,111,762)	(17,250,454)	(1,138,692)	(7)
	(34,194,001)	(55,619,426)	21,425,425	39	(63,774,817)	(55,619,426)	8,155,391	15
FINANCING ACTIVITIES								
Contributions from New Loans	14,168,717	15,000,000	(831,283)	0	15,000,000	15,000,000	0	0
Transfers from Restricted Grants, Contributions & Loans	131,782	358,104	(226,322)	(63)	1,709,434	358,104	(1,351,330)	(79)
Transfers to Restricted Grants, Contributions & Loans	0	0	0	0	0	0	0	0
Transfers from Reserves	14,455,609	38,668,966	(24,213,357)	(63)	43,417,469	38,668,966	(4,748,503)	(12)
Transfers to Reserves	(10,873,299)	(70,724,751)	59,851,452	85	(39,099,312)	(70,724,751)	(31,625,439)	(81)
Cash Backed Employee Provisions Transfers	646,509	70,881	575,628	0	0	70,881	70,881	0
Transfers from Trust Fund- Cash Paid in Lieu of POS	0	2,469,079	(2,469,079)	0	2,469,079	2,469,079	0	0
Transfers from Schemes	(5,100,338)	5,134,532	(10,234,870)	(199)	21,911,423	5,134,532	(16,776,891)	(77)
Transfers to Schemes	2,327,455	(5,134,532)	7,461,987	145	(21,911,423)	(5,134,532)	16,776,891	77
	15,756,434	(14,157,721)	29,914,155	(211)	23,496,670	(14,157,721)	(37,654,391)	266
(DEFICIT)/SURPLUS	(77,009,947)	(138,426,322)	61,416,375	(44)	(143,572,236)	(138,426,322)	5,145,914	4
Amount To Be Raised From General Rates	139,296,136	141,062,080	(1,765,944)	(1)	141,191,680	141,062,080	(129,600)	(0)
Closing Surplus/(Deficit)	62,286,189	2,635,758	59,650,431	2,263	(2,380,556)	2,635,758	5,016,314	0

6.2 Restricted Tender No. 22046 - Management and Maintenance of Carramar and Marangaroo Golf Courses

File Ref:	40768V010 – 22/150340
Responsible Officer:	Director, Corporate Strategy & Performance
Attachments:	4
Previous Items:	CS03-10/19 - Golf Courses Strategic Plan - Ordinary Council - 15 Oct 2019 7.00pm CS03-06/17 - Tender 17007 - Provision of Golf Course Management Services for Carramar and Marangaroo Golf Courses for a Period of Five Years. - Ordinary Council - 27 Jun 2017 6.00pm

Issue

To consider Restricted Tender No. 22046 (**RT22046**) for the provision of golf course management and maintenance services for Carramar and Marangaroo Golf Courses.

Background

Carramar Golf Course (**Carramar GC**) and Marangaroo Golf Courses (**Marangaroo GC**) (together, the **Golf Courses**) are public courses.

The City's longstanding operating model has been to engage a third party contractor to carry out the management of course operations, with the contractor/s also leasing buildings and other facilities on-site from the City.

The current report relates to the award of tender for the next period of management of the Golf Courses (in this case, inclusive of maintenance).

Land Tenure – Carramar GC

The 18 hole course opened in 1994 and is located on 67 hectares in Carramar (**Attachment 1** refers):

- City-owned freehold: Lot 11 on Diagram 57099, 30 Tranquil Drive, Carramar (Certificate of Title Volume 2104 Folio 198) (51.3161ha approximate).
- Crown land: Reserve 44338, vested in the City under a management order for 'Recreation, Golf and Community' purposes, with power to lease (sub-licence or licence) for any term not exceeding thirty-five (35) years (subject to the consent of the Minister for Lands):
 - Lot 12553 on Deposited Plan 92360, 2 Tranquil Drive, Carramar (Crown Land Title Volume LR3102 Folio 73) (2.0329ha approximate); and
 - Lot 14009 on Deposited Plan 23284, 61 Golf Links Drive, Carramar (Crown Land Title Volume LR3104 Folio 426) (13.3765ha approximate).
- The land is zoned 'Parks & Recreation' under the MRS and 'Regional Parks and Recreation' under DPS2.

Land Tenure – Marangaroo GC

The 18 hole course opened in 1988 and is located on 60 hectares in a single parcel of land, Reserve 53946, Lot 500 on Deposited Plan 418473, 8 Aylesford Drive, Marangaroo (Crown Land Title Volume LR3174 Folio 234) (**Attachment 2** refers).

The land is vested in the City for under a management order for 'Recreation, Golf and Community' purposes with power to lease (sub-licence or licence) for any term not exceeding thirty-five (35) years (subject to the consent of the Minister for Lands) and is zoned 'Parks & Recreation' under the MRS and 'Regional Parks and Recreation' under DPS2.

Existing Arrangements – Operations and Lease

Facility Management Agreement Contract 17007 (**Contract 17007**) commenced 1 September 2017 for a term of five (5) years (expiring 31 August 2022), for the purpose of golf course management services.

Contract 17007 is structured as a contract for services, and provides an income for the City through course (green), driving range and buggy fees as outlined below:

Item	Description	Percentage
1	Fixed Percentage (%) of Green Fee Commission (payable to Contractor)	20%
2	Fixed Percentage (%) of Driving Range Fee Commission (payable to Contractor)	50%
3	Fixed Percentage (%) of Cart Fee Commission (payable to the Principal)	5%

The award of Contract 17007 was approved by Council on 27 June 2017 (Item CS03-06/17) and applies to both Golf Courses (i.e. there is not a separate management contract for each golf course).

The contractor is a partnership of Crosbie & Duncan Golf Pty Ltd (ACN 063 271 634) and Duncan Crosbie Pro Golf WA Pty Ltd (ACN 009 404 899), trading as DC Golf.

There is no provision in Contract 17007 for the City to automatically or unilaterally extend at its discretion.

To maintain services while the long-term arrangement was procured, the City and the contractor have negotiated a new short term contract for the purpose of management services to the existing contractor, Crosbie & Duncan Golf Pty Ltd (ACN 063 271 634) and Duncan Crosbie Pro Golf WA Pty Ltd (ACN 009 404 899), trading as DC Golf (**Short Term Contract 17007**):

- Short Term Contract 17007 was approved by the Chief Executive Officer (**CEO**) under the City's Purchasing Policy Section 4.7.2 (where the total value of a procurement does not exceed \$250,000 (excluding GST)).
- Short Term Contract 17007 is on the same terms and condition as existing Contract 17007, and will replace existing Contract 17007 when it expires 31 August 2022. Accordingly, Short Term Contract 17007 will commence on 1 September 2022 for a period of two (2) months, expiring 31 October 2022 (with the potential to renew for a further one (1) month subject to analysis of expenditure in relation to the City's Purchasing Policy).

The land tenure to support the performance of Contract 17007 (and Short Term Contract 17007) is provided by separate leases:

- Carramar GC: The lessee is Crosbie & Duncan Golf Pty Ltd (ACN 063 271 634) trading as DC Golf, which leases the clubhouse, pro-shop and cafe. The current annual rent is \$107,032 p.a. (plus GST).
- Marangaroo GC: The lessee is Duncan-Crosbie Pro Golf Pty Ltd (ACN 009 404 899) trading as DC Golf, which leases the clubhouse, pro-shop and cafe. The current annual rent is \$107,032 p.a. (plus GST).
- There are no formal options for renewal of the leases. However, there is a holding over clause in each lease, so that the lessee may, with the City's consent, continue to occupy the premises on a monthly tenancy after the formal expiry date. This will operate during the period of Short Term Contract 17007.

Existing Arrangements – Maintenance Services

Maintenance Services Contract 17006 (**Contract 17006**) commenced 18 September 2017 for a term of three (3) years (with two option terms of one (1) year in each case) for the purpose of maintenance services.

The award of Contract 17006 was approved by Council on 25 July 2017 (Item AS06-07/17) and applies to both Golf Courses (i.e. there is not a separate management contract for each golf course). The contractor is Turf Care WA Pty Ltd.

Both one (1) year options under Contract 17006 were exercised, with the second (final) option term expiring on 17 September 2022. There is no further extension or roll-over (holding over) provisions.

To maintain services while the long-term arrangement was procured, the City undertook a tender for Provision of Golf Course Maintenance Services (**Contract 22070**), which was awarded to Green Options Pty Ltd, as approved by the CEO under Delegation 1.1.14 'Choice of Most Advantageous Tender'.

Contract 22070 is for an initial term of six (6) months, commencing 18 September 2022 and expiring 17 March 2023. There are two potential option terms of three (3) months in each case.

Strategic Plan

Commencing in 2015 and 2016 with a report by the City's consultant, WellPlayed (Golf Business Consultancy), the City developed a strategic plan for the Golf Courses, with the objectives to make the Golf Courses relevant and appealing to a wider range of users by introducing new services and facilities, and to ensure continued profitability.

The Golf Courses Strategic Plan 2019-2034 (**Strategic Plan**) was developed to guide the City's long term planning for the Golf Courses, and was endorsed by Council at the Ordinary Council Meeting on 15 October 2019 (CS03-10/19).

Expression of Interest and Restricted Request for Tender 22046

To support the procurement of the future operating and maintenance contracts and the implementation of the Strategic Plan, the City commenced a two-stage procurement process during 2021.

Respondents were requested to provide an initial high level Expression of Interest (**EOI**), which were assessed to identify suitably qualified, preferred respondents to participate in the restricted request for tender process (via RT22046).

The EOI provided an opportunity for a respondent to manage and maintain (or only manage or maintain) one or both of the golf courses.

The following respondents expressed interest in having contracts for both courses.

- Belgravia Health and Leisure Group Pty Ltd ATF The Belgravia Leisure Unit Trust (trading as Belgravia Leisure) (**Belgravia**);
- Bluefit Pty Ltd (**Bluefit**);
- Clublinks Management Pty Ltd (**Clublinks**);
- DC Golf (a partnership between Crosbie and Duncan Golf Pty Ltd and Duncan Crosbie Pro Golf WA Pty Ltd) (**DC Golf**);
- Swing Factory Pty Ltd (**Swing Factory**);
- Greenspace Management Pty Ltd (**Greenspace**);
- LD Total (*maintenance only*);
- Turfcare WA Pty Ltd (*maintenance only*) (**Turfcare**); and
- Profounder Turfmaster Pty Ltd (**Turfmaster**).

Of the nine received submissions, two were for the provision of maintenance services only. The remaining seven submissions were for the provision of operational and maintenance services.

All nine (9) submissions were assessed by an EOI Evaluation Panel (voting and non-voting members) (**Panel**). The Panel considered a number of compliance criteria and the following qualitative criteria as outlined within the approved Procurement and Evaluation Plan:

- Organisational structure (40% weighting);
- Relevant experience (40% weighting); and
- Value add/innovation) (20% weighting).

The CEO approved under Delegation 1.1.17(2) of the Delegated Authority Register, that the following respondents demonstrated sufficient merit for inclusion to the RT22046 stage:

- Belgravia;
- Bluefit;
- Clublinks;
- DC Golf; and
- Swing Factory.

The following respondents were not approved for inclusion to the RT22046 stage:

- Greenspace;
- LD Total;
- Turfcare; and
- Turfmaster.

Detail

Scope of RT22046

The EOI review demonstrated strong market interest in conducting the operations and maintenance of the Golf Courses under a single party, rather than separate operating and

maintenance services (as is currently the case). This was reflected in the RT22046 documentation.

The scope of RT22046 was for the management and maintenance of the Golf Courses, rather than management or maintenance as separable items.

Contract documentation (incorporating a lease) (**Supply Contract**) has been drafted by the City's lawyers, Jackson McDonald, and was released to those respondents that were approved for inclusion to the restricted tender stage, RT22046.

Essential details of the proposed Supply Contract are as follows:

Item	Detail
Contract Form	Services - Supply Contract
Contract Type	<ul style="list-style-type: none"> ○ Contract Specifics and General Conditions; ○ Schedule 1 - Special Conditions; ○ Schedule 2, Part 1 – Operating Terms; ○ Schedule 2, Part 2 – Maintenance Terms; ○ Schedule 2, Part 3 – Redevelopment Terms; and ○ Ground Lease (see below).
Contract Duration	<ul style="list-style-type: none"> ○ Ten (10) years; or ○ Five (5) years with a five (5) year option.
Commencement Date	<p>Proposed to commence on 1 November 2022:</p> <ul style="list-style-type: none"> ○ Contract Specifics and General Conditions; ○ Schedule 1 - Special Conditions; ○ Schedule 2, Part 1 – Operating Terms; and ○ Schedule 2, Part 3 – Redevelopment Terms; and ○ Ground Lease. <p>Proposed to commence on 18 March 2023: Schedule 2, Part 2 – Maintenance Terms.</p>
Expiry Date	31 October 2032
Extension Permitted	Dependant on final agreed contract duration and structure of initial term.

Given that the operator would require land tenure to management the Golf Courses, leases were prepared and attached to the Supply Contract in the following terms:

Ground Lease	
Item	Detail
Lease Area (Premises)	The whole of the land, including all buildings and improvements.
Commencement Date	Commencement Date under the Supply Contract.
Lease Term	Ten (10) years.
Permitted Purpose	<p>Golf Course Operations.</p> <p>Golf pro shop and cafe.</p> <p>Any other permitted use will be at sole and absolute discretion and approval of the City.</p>

Ground Lease	
Item	Detail
Rent	Ground lease rent is payable by the Lessee.
Rent Reviews	Annually during the term, but combination of CPI, fixed percentage and market review (based on the tenderer's submission).
Rates & Taxes and Outgoings	The Lessee must pay all rates, taxes, levies, charges and outgoings which are attributable to the Premises.
Insurance	The Lessee will be required to obtain and maintain all insurances required by Law or as reasonably required by the City, including: <ul style="list-style-type: none"> • building insurance to the correct replacement value (or pay the premium as on-charged by the City); • workers' compensation; • insurance for replacement value of the Lessee's fixtures, fittings and chattels; • public liability for an amount of \$50 million for any one occurrence; • sprinkler and water damage; • plant and equipment; • motor vehicle; • third party damage.
Indemnity and release	Indemnity and release is to be granted in favour of the City and the Minister for Lands.
Safety	All occupational, health and safety obligations sit with the Lessee.
No fetter	No fetter of the City's discretion in the lawful exercise of any of its functions and powers as the relevant local government.
Maintenance, cleaning and repairs	The Lessee is responsible for all repairs, cleaning and maintenance, including repairs due to fair, wear and tear, capital and structural repairs. The City will have no repair, replacement and maintenance obligations or capital and structural obligations in relation to the Leased Premises. The Lessee will be required to maintain a maintenance register.
Lease Security	Bank Guarantee.
Lessee's other obligations	The Lessee must comply with all laws and approvals.
Works and Fit Out	All fit-outs to be undertaken by the Lessee.
Redevelopment	Reservation of the City's right to resume possession of or utilise (either temporarily or permanently) any part of the relevant Land. The City will have unfettered access to use the Golf Courses in the event of an emergency or natural disaster affecting the locality.
City's Works	The City will undertake certain works to the Golf Courses as notified to the Lessee. The City will be permitted to access the Leased Premises in order to carry out the City's Works.

The City issued RT22046, 'Provision of Golf Course Management and Maintenance Services for Carramar and Marangaroo Golf Courses' to the short-listed respondents on 21 April 2022.

A non-mandatory site inspection and tender briefing was held on 9 May 2022, at 12pm at Carramar GC and at 2.30pm at Marangaroo GC. The site inspection and briefing provided tenderers the opportunity to raise enquiries regarding the sites.

During the tender period there were three tender addendums issued with clarifications and additional information. All tenderers confirmed receipt.

Submissions closed 3pm, 27 May 2022.

Submissions to RT22046

At close of RT22046, submissions were received from the following tenderers:

- Belgravia;
- Bluefit;
- Clublinks; and
- DC Golf.

Swing Factory not make a submission to RT22046.

Evaluation of RT22046

The tender evaluation panel comprised:

Position Name	Evaluation Role
Manager Property Services	Chair and Voting Member
Manager Advocacy & Economic Development	Voting member
Coordinator Parks Technical	Voting member
Manager Asset Planning	Voting member
Project Management Accountant	Non-Voting member
Contracts Officer	Non-voting member
Coordinator Safety Systems – Safety & Injury Management	Non-voting member (OSH advisor)
William Buck Consulting (WA) Pty Ltd (William Buck)	Non-voting member (Probity advisor)
Bridge 42	Voting member (Consultant to provide industry expertise)

Probity oversight to the tender assessment process was undertaken by William Buck, in conjunction with the City's Contracts Officer.

Evaluation Step 1 (Qualitative)

Tender submissions were evaluated in accordance with a Procurement and Evaluation Plan (**PEP**), which included the following detailed qualitative selection criteria:

Weighted Assessment Criteria		Weighting
* Qualitative Criteria 1: OSH (15%)	OH&S demonstrated working documents	15%
Qualitative Criteria 2: Sustainable Procurement (10%)	Environmental Considerations	4%
	Buy Local – what local support can be offered	2%
	Reconciliation Action Plan	2%
	Disability Access & Inclusion	2%
* Qualitative Criteria 3: Organisational Structural & Operational Experience: Demonstrated experience of tenderer and personnel performing the services (22.5%)	Company/organisational profile, including corporate organisational structure, core business, years in business, and qualifications and experience of key personnel (head office and on course)	2.5%
	Golf course performance under management over the past 3 years, including success stories and courses/contracts performing better than expected	3%
	Course management systems, customer management and booking, accounting and reporting systems	5%
	Head office support	2%
	On-course operating structure, including organisational structure, on-site positions (management, golf professionals, greenkeepers and others). Where possible, this should include position titles and the names of intended personnel	10%
* Qualitative Criteria 4:	<ul style="list-style-type: none"> • Business plan, including operating and capital budgets • Demonstrated business case/ feasibility model for facility and course improvements and redevelopment 	8.5%

Weighted Assessment Criteria		Weighting
Business Plan, Innovation and Capital Upgrades: Value add and methodology to deliver the services, including transition planning, business plan(s) and facility upgrades (22.5%)	Proposed facility and course improvements and redevelopment, including some or all of the following: <ul style="list-style-type: none"> • driving range (extended use and use of technology); • improved hospitality offering; • mini-golf; • alternative uses for caretaker house locations, and including projected timeline, cost and performance benefit. Improvements and redevelopment may have regard to the draft concept, noting potential improvements, inclusions and deletions from that concept.	7%
	Proposed capital contribution	5%
	Implementation of the Strategic Plan, including diversified use of the golf courses.	2%
* Qualitative Criteria 5: Course Maintenance (30%)	Course maintenance (including greens, fairways, driving ranges, tees, bunkers, roughs, course furniture/signs, clubhouse and course gardens, natural bushland), including: <ul style="list-style-type: none"> • forward works planning; • staffing levels and trade certificates; • ground water and irrigation management; • plant, equipment; tools and material; and • pest, disease and weed control strategies, chemical and fertiliser management, and fauna management (including kangaroos and ticks). 	16%
	Facility and infrastructure maintenance (including structures, pathways, fencing, signing, irrigation and landscaping), including: <ul style="list-style-type: none"> • forward works planning; • staffing levels and trade certificates; and • plant, equipment; tools and material. 	10%
	Fire breaks and fire management.	4%

*Tenderers were required to achieve a minimum acceptable qualitative score (as determined by the City) for each of the mandatory qualitative criteria detailed above to progress for further evaluation.

An initial review of the submissions by the City's Contracts Officer confirmed all submissions were deemed to be conforming and included for further consideration.

Pricing was not included in the qualitative criteria and was subject to a separate financial analysis review (as detailed as a separate component within this report).

Evaluation Criteria 1 – Occupational Health & Safety - (15%)

Evidence of safety management policies and practices was assessed from the tender submissions. The assessment was based on the tenderers' responses to an Occupational Health and Safety Management System Questionnaire included in the tender documentation.

All tenderers achieved the minimum requirement for this evaluation criterion.

The assessment resulted in the following ranking:

Tenderer	Ranking
Belgravia	1
Bluefit	2
Clublinks	2
DC Golf	3

Evaluation Criteria 2 – Sustainable (Environment, Social & Economic Responsibility) Procurement - (10%)

Evidence of sustainable responsibility procurement was assessed based on the tenderers' responses provided within the Questionnaires in Schedules 3A, 3B, 3C, and 3D included in the tender documentation and covering:

- Environmental policy and practices;
- Local procurement:
 - Purchasing arrangements through local businesses;
 - Location of tenderer's offices, depots and production facilities;
 - Residential addresses of staff and subcontractors; and
 - Requirement for new employees arising from award of the contract;
- The tenderers' development and implementation of a Reconciliation Action Plan; and
- The tenderers' support for disability access and inclusion.

All tenderers achieved the minimum requirement for this evaluation criterion.

The combined assessment of responses provided for the items comprising Sustainable (Environment, Social and Economic Responsibility) Procurement resulted in the following ranking:

Tenderer	Ranking
Belgravia	1
Bluefit	2
Clublinks	3
DC Golf	3

Evaluation Criteria 3 – Organisational Structure & Operational Experience - (22.5%)

Assessment of this section considered the tenderers' experience and performance in supplying services of a similar nature and circumstances, with considerations given to project relevance, type, size, complexity and resourcing availability, management and reporting systems and the tenderers' key personnel as outlined in the tender documentation and covering:

All tenderers achieved the minimum requirement for this evaluation criterion.

The combined assessment of responses provided for the items comprising Evaluation Criteria 3 resulted in the following ranking:

Tenderer	Ranking
Belgravia	1
Clublinks	2
Bluefit	3
DC Golf	4

Evaluation Criteria 4 – Business Plan, Innovation and Capital Upgrades - (22.5%)

Assessment of this section considered the tenderers' value add and methodology to deliver the services as outlined in the tender documentation including the supply of a business plan (inclusive of operating and capital budgets), proposed facility and course improvements and redevelopment (inclusive of projected timeline, capital contribution, overall cost and performance benefit) and the implementation of the Strategic Plan.

Belgravia, Clublinks and Bluefit achieved the minimum requirement for Evaluation Criteria 4. DC Golf did not meet the minimum requirement for sub criteria (facility and course improvements), but otherwise achieved the minimum requirement for the other sub criteria.

The combined assessment of responses provided for the items comprising Evaluation Criteria 4 resulted in the following ranking:

Tenderer	Ranking
Belgravia	1
Clublinks	2
Bluefit	3
DC Golf	4

Evaluation Criteria 5 – Course Maintenance - (30%)

Assessment of this section considered the tenderers' value add and methodology to deliver the services as outlined in the tender documentation including course maintenance (greens, fairways, driving ranges, tees, bunkers, roughs, clubhouse, course gardens, natural bushland etc.), irrigation management, plant and equipment, pest, disease and weed management, facility and infrastructure maintenance, and fire breaks and fire management.

All tenderers achieved the minimum requirement for this evaluation criterion.

The combined assessment of responses provided for the items comprising Evaluation Criteria 5 resulted in the following ranking:

Tenderer	Ranking
Bluefit	1
Clublinks	2
Belgravia	3
DC Golf	4

Overall qualitative weighted assessment and ranking

Submissions were reviewed in accordance with the PEP. The tenderers' bids were evaluated in accordance with the selection criteria and were assessed as having the necessary resources, previous experience, capability and safety management systems to undertake the contract.

The overall qualitative weighted assessment resulted in the following tenderer ranking:

Tenderer	Ranking
Belgravia	1
Clublinks	2
Bluefit	3
DC Golf	4

All tenderers achieved an acceptable result for the mandatory qualitative evaluation criteria and progressed to the financial and value for money assessment stage of the assessment process.

Evaluation Step 2 (Financial Assessment and Value for Money)

The financial and value for money review of the submissions considered:

- The capacity of the tenderers to perform the contract; and
- The relative value offered to the City under each tender submission.

The tender evaluation panel determined that the tenderers received the following ranking:

Tenderer	Ranking
Belgravia	1
Clublinks	2
DC Golf	3
Bluefit	4

The confidential attachment to this report (**Attachment 3** refers) provides more details on the financial assessment and value for money determination.

Financial Viability

To support the financial assessment stage of the tender evaluation, a financial risk assessment was undertaken by Equifax Australasia Credit Ratings Pty Ltd (**Equifax**) for each of the tenderers which submitted to RT22046.

The outcome of this independent assessment by Equifax advised that each of Belgravia, Bluefit, Clublinks and DC Golf would have satisfactory financial capacity to meet the requirements of the contract.

Contract Departures and Further Negotiation

Administration also considered the responses provided by the tenderers on the Supply Contract and lease documentation included with RT22046:

- Belgravia provided a summary of drafting amendments. Administration has reviewed this schedule with input from Jackson McDonald and considers that the items identified by Belgravia can be promptly resolved and will not obstruct the finalisation of the contract.
- Clublinks requested significant departures to the Supply Contract and lease documentation, including the restructuring of the lease to remove the need for a Supply Contract. Administration was concerned that final contract documentation with Clublinks could be successfully negotiated in a timely manner.
- Bluefit and DC Golf did not request any changes to the Supply Contract and lease documentation.

Consultation

Consultant Advice

Bridge 42 advised the City on the scope for the operation and maintenance of the Golf Courses and the planned procurement. This information ensured that the City's request for potential operators was made with a strong understanding of the market and industry context and trends.

Advertising

The EOI was publicised in the following manner:

- Public Notice – Wanneroo Civic Centre and interior and exterior notice board – on display until 4pm, 26 November 2021;
- Public Notice – The West Australian; published 23 October 2021;
- Public Notice – Your Say – online 28 October 2021 to 26 November 2021;
- Public Notice – Perth Now (Wanneroo edition) - published 28 October 2021;
- Golf Industry Central Advert – from 28 October 2021 to 26 November 2021;
- Wanneroo Business Association – notified 22 October 2021;
- Consultant (Bridge 42) emailed potential operators direct;
- Golf WA – online newsletter – consultant arranged.

The restricted tenderers for RT22046 were issued with the tender documentation on 21 April 2022 by the City.

Tender Evaluation

Probity advisory services were undertaken by an external probity advisor (William Buck). A copy of the probity advisor letter is included as a confidential attachment (**Attachment 4** refers)

Bridge 42 participated in the tender evaluation, to provide industry knowledge and financial input.

Deloitte provided review of the financial and value for money assessment in the tender evaluation.

Customer Support and Community Information

The implementation of the new Supply Contract and the transition to Belgravia will be implemented to ensure no disruption to the quality of services to customers of the Golf Courses.

The need to prepare for potential impact of this aspect (i.e. that there may a new operator as the outcome of the tender) was reflected in the business and service transition being included as part of the assessment criteria for RT22046.

As a current mitigation action, the award of Contract 22070 ensures that maintenance services will overlap the commencement of the Supply Contract, with the successful tender of RT22046 only assuming maintenance tasks in early 2023 (which will allow time to mobilise personnel and equipment).

Belgravia has provided a strong level of detail on how it intended to contribute to the transition, in terms of staff resourcing, in the communication to customers and the community, and in ongoing marketing and promotion of the Golf Courses.

Communication with customers of the Golf Courses (and those who participated in the Strategic Plan, plus the wider community) on a preferred operator was not appropriate whilst the tender evaluation was ongoing. Information will be provided by the City following the approval of Belgravia as the successful tenderer.

Comment

Tender Recommendation

In accordance with the assessment criteria and weightings as detailed in the tender documentation for RT22046 and in the PEP, the tender submission from Belgravia:

- Ranked first on the qualitative criteria;
- Ranked first on the financial and value for money assessment; and
- Offers a strong implementation of the Strategic Plan, including by capital investment in the Golf Courses, with a driving range upgrade and fit out at Carramar GC and an 18 hole mini golf course at Marangaroo GC.

Belgravia is recommended as the successful tenderer, pending statutory compliance (as described later in this report) and satisfactory resolution of commercial terms.

Next steps

If Council approves the recommended outcome for RT22046, the following actions will occur:

- The City will progress in final negotiations with Belgravia to resolve commercial terms and complete the Supply Contract and the leases for execution by the parties;
- Execution of the Supply Contract and the leases will be subject to:

- The City advertising the property disposal under the leases by a local public notice under section 3.58 of the Act, further to the recommended resolution to this report;
- The City seeking the consent of the Minister for Lands to the leases, in respect of those areas which are Crown land; and
- Following the closure of advertising of the business plan under section 3.59 of the Act (described in the Statutory Compliance section of this report), Council considering a further report in relation to any submissions and the business plan.

Existing Operator

The evaluation outcome, and the recommendation of Belgravia as the preferred tenderer, was a clear decision by the tender evaluation panel. Belgravia's submission provides the best and most favourable opportunity for the City to progress with the future of the Golf Courses and the Strategic Plan.

In making the recommendation, however, Administration also acknowledges that DC Golf, as the existing operator has been a significant partner of the City for a long time. This includes DC Golf's directors (Tim Crosbie and Rob Farley) and its staff, who are well regarded by golfing customers and the Wanneroo community.

The long and positive relationship between DC Golf and the City does not change the present recommendation, but it should also not be dismissed without recognition. DC Golf has had a key role in the success of the Golf Courses, and this will endure as part of the history of these important and much-loved community facilities.

Statutory Compliance

Tender

Tenders were invited in accordance with the requirements of section 3.57 of the Act.

The tendering procedures and evaluation complied with the requirements of Part 4 of the *Local Government (Functions and General) Regulations 1996* (WA).

Disposal by Lease

The disposal by lease to the operator of the Golf Courses will be subject to the Act, the *Land Administration Act 1997* (WA) (in the case of Crown land areas in the Golf Courses) and to other applicable legislation.

In accordance with section 3.58 of the Act, a local public notice will be advertised for the disposal by lease. This notice would be advertised as required under the Act, which would include newspaper notices and on the City's website.

The public notice will disclose the rent for the leases arising from the Supply Contract and the comparable market rental value.

Major Land Transaction

The procurement of RT22046 will attract section 3.59 of the Act in regards to land transaction status and the anticipated consideration under the Supply Contract.

In advance of the current report, the City has released a business plan (prepared in accordance with section 3.59 of the Act) which has a scope to accommodate the range of

submissions received for RT22046 (i.e. it does not presume the recommended outcome under this report or a particular tenderer).

A statewide public notice has been advertised to invite submissions in response to the business plan. Submissions are to be for the business plan (rather than other considerations, such as the tender process the subject of the current report).

A report to consider any submissions received by the City, and to determine whether to proceed with the business plan, is anticipated to be provided to the Ordinary Council Meeting on 13 September 2022.

Strategic Implications

The proposal aligns with the following objective within the Strategic Community Plan 2021 – 2031:

- 1 ~ An inclusive and accessible City with places and spaces that embrace all*
1.3 - Facilities and activities for all

Risk Management Considerations

Risk Title	Risk Rating
ST-S23 Stakeholder relationships	Moderate
Accountability	Action Planning Option
Chief Executive Officer	Manage

Risk Title	Risk Rating
CO-O17 Financial Management	Moderate
Accountability	Action Planning Option
Director Corporate Strategy & Performance	Manage

Risk Title	Risk Rating
CO-O10 Workforce Planning	Moderate
Accountability	Action Planning Option
Director Corporate Strategy & Performance	Manage

The above risk/s relating to the issue contained within this report have been identified and considered within the City's Strategic and Corporate risk register. Action plans have been developed to manage this risk to support existing management systems.

Policy Implications

Tenders were invited in accordance with the requirements of the City's Purchasing Policy.

Financial Implications

Tender Outcome

The Supply Contract (including the leases arising from the Supply Contract) is an income generating contract providing revenue to the City.

Further information is provided in the confidential attachment to this report (**Attachment 3**).

Future Maintenance and Capital Works

All development and maintenance of the Golf Courses will be the responsibility of the operator, noting that the City will continue to deliver the following programmed capital works and coordinate with the operator to redevelop existing facilities and add other amenities at the Golf Courses.

Carramar GC:

Project No.	FY	Work Description
PR-4268	21/22	Fire main upgrade
PR-1041	22/23	Greens 3 & 8 and tees 3 & 8 resurfaced
PR-2565	23/24	Electrical renewals
TBD	TBD	Upgrade of water pipes – design 22/23

Marangaroo GC:

Project No.	FY	Work Description
PR-1040	21/22	Greens 14 & 1 and Tee 9 & 2 reconstruction, Tee 5 concrete path and new bent grass nursery to facilitate future upgrades
PR-2565	22/23	SMSB & Distribution Board renewals
PR-1040	23/24	Greens 17 & 3 and Tees 6,14 & 16 resurface

Belgravia's submission and its proposal for capital upgrades to the Golf Courses includes provision for a City contribution. Once the scope is finalised and costed, it is recommended that the anticipated budget costs will be listed for consideration at the Mid-Year Review to ensure that sufficient funds are allocated.

Voting Requirements

Simple Majority



Recommendation

That Council :-

1. **ACCEPTS** the tender submitted by Belgravia Health and Leisure Group Pty Ltd as trustee for The Belgravia Leisure Unit Trust (trading as Belgravia Leisure) for Tender No. 22046, for the provision of Golf Course Management and Maintenance Services for Carramar and Marangaroo Golf Courses for a period of Ten (10) Years;
2. **Subject to Item 1. above being accepted, APPROVES** in principle, a Supply Contract (together with leases arising from that Supply Contract) with Belgravia Health and Leisure Group Pty Ltd ATF The Belgravia Leisure Unit Trust (trading as Belgravia Leisure), with the leased areas comprising some or all of:
 - a) 51.3161ha (approximate) portion of Lot 11 (30) Tranquil Drive, Carramar (owned in freehold by the City);
 - b) 2.0329ha (approximate) portion of Reserve 44338, Lot 12553 (2) Tranquil Drive, Carramar (subject to Minister for Lands approval);

- c) 13.3765ha (approximate) portion of Reserve 44338, Lot 14009 (61) Golf Links Drive, Carramar (subject to Minister for Lands approval); and
 - d) 50ha (approximate) portion of Reserve 53946, Lot 500 (8) Aylesford Drive, Marangaroo (subject to Minister for Lands approval);
3. **AUTHORISES** the publication of a local public notice of the intention to dispose of the portion of the land situated at Carramar Golf Course and Marangaroo Golf Course by leases to effect Item 2. above in accordance with Section 3.58 of the Local Government Act 1995 (WA);
4. **AUTHORISES:**
- a) the Chief Executive Officer (or a nominee of the Chief Executive Officer) to negotiate commercial terms, execute all documentation, consider and reject any submissions and comply with all applicable legislation as is required to effect Items 2. and 3.;
 - b) the affixing of the Common Seal of the City of Wanneroo to the Supply Contract and the leases arising from the Supply Contract in accordance with the City's Execution of Documents Policy;
5. **NOTES** that any funds required for the City's contribution to capital improvements for Carramar Golf Course and Marangaroo Golf Course will be listed for consideration at Mid-Year Review; and
6. **NOTES** that:
- a) the City has released a business plan in accordance with Section 3.59 of the Local Government Act 1995 (WA), in relation to the Supply Contract and leases in Item 2. being a major land transaction; and
 - b) after the last day for submissions in response to the statewide public notice advertising the business plan, a report will be provided to Council to consider any submissions and to determine whether to proceed with the business plan.

Attachments:

- | | | |
|--|--|--------------|
| 1.  | Attachment 1 - Carramar Golf Course - Aerial | 22/130719 |
| 2.  | Attachment 2 - Marangaroo Golf Course - Aerial | 22/6860 |
| 3. | Attachment 3 - Financial Assessment and Value for Money - Golf Courses | Confidential |
| 4. | Attachment 4 - Probity Letter - William Buck | Confidential |



	CARRAMAR GOLF COURSE - Proposed Lease/Management Area
	FREEHOLD LAND - City of Wanneroo
	CROWN LAND - Under the Management of City of Wanneroo - Power to Lease (up to 35 years)
	EXISTING LEASE & LICENCE AREA - Telecommunications: - Lease Area ~ 70sqm, Licence Area ~ 210sqm; - Lease Term 5yr+5+5 - Commenced 20 December 2019.

CARRAMAR GOLF COURSE SITE PLAN

SCALE: 1: 5000 @ A4
DATE: April 2022
REF: 2022-04 v3 golf course lease rfq

NOTE: While the City of Wanneroo has made every effort to ensure the accuracy and completeness of data it accepts no responsibility or liability for any errors or omissions within the information presented. Based on information provided by and with the permission of the Western Australian Land Authority trading as LANDGATE (2012).



MARANGAROO GOLF COURSE
SITE PLAN

SCALE: 1: 6250 @ A4
 DATE: January 2022
 REF: 2022-01 golf course lease rfq

NOTE: While the City of Wanneroo has made every effort to ensure the accuracy and completeness of data it accepts no responsibility or liability for any errors or omissions within the information presented.
 Based on information provided by and with the permission of the Western Australian Land Authority trading as LANDGATE (2012).

Attachment 3 - Financial Assessment and Value for Money - Golf Courses

This attachment is confidential and distributed under separate cover to all Council Members.

Administration Use Only

Attachment 3 – HPE # 22/288408

Attachment 4 - Probiy Letter - William Buck

This attachment is confidential and distributed under separate cover to all Council Members.

Administration Use Only

Attachment 4 – HPE # 22/288091