Business Case
Goldfields Golf Club Development

Prepared for City of Kalgoorlie-Boulder
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1. Project Scope

The Kalgoorlie Golf Course was opened in 2010 and is a premier 18-hole grass golf course, currently ranked number 18\(^1\) in Australia’s top 100 public access courses. The golf course sits within a complex consisting of a clubhouse, pro shop and presently undeveloped resort site. The care, control and management of the golf course complex is currently vested in the City of Kalgoorlie-Boulder (the City) for the purpose of ‘Golf Course’.

While the golf course is of a PGA Tour standard, the current facilities within the complex do not match this standard. Since 2001, the City has entered into several agreements that bind it to deliver a golf club resort and permanent golf clubhouse. To date, the City has engaged with a range of third-parties in an attempt to establish a high-quality resort. In the interim, the City has provided a temporary (although good standard) clubhouse and has managed operations (including food and beverage services) at the current site.

The City is considering a major land transaction to enter into a long-term lease of the golf club resort site, located at 93 Aslett Drive Karlkurla, 6430. The conditions of the lease would require the lessee to develop and operate a Premier Resort – defined as at least a 4.5 star graded resort hotel development (to be graded and maintained to this standard according to the STAR rating system operated by the Australian Tourism Industry Council).

The development of the Resort Site to this standard would not only deliver on the City’s obligations but also provide a significant new opportunity to promote the City, its tourism potential and amenity, as well as reduce the ongoing management costs of the current facility. The facilities would also offer the community and the broader region an improved opportunity to utilise the premier golf course.

The City has commissioned the research and preparation of a business case to inform the approach taken by the Council and City when considering this proposal. Should the proposal proceed the City would handle the process in accordance with the requirements of the Local Government Act 1995.

2. Background

In January 2001, the City of Kalgoorlie-Boulder (the City) and the State of Western Australia (the State) signed a Heads of Agreement (HoA) which made the State responsible for providing a Golf Course Complex (Complex) and the City accepting management of the Complex. The Complex was to be constructed on Crown Land to the north-west of the Kalgoorlie-Boulder urban area.

The HoA outlined the requirements of the State to utilise best endeavours to procure the commencement of the Complex’s construction within six months of the outline development plan being approved by the WA Planning Commission. Following completion, the Complex would then be vested in the City for care, control and management, with the City being responsible for ongoing operation and maintenance as per a management plan.

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The City committed to provide the State with up to $6 million to contribute to the development of the north-west sector and Complex, subject to conditions. The State agreed to make land adjacent to the Complex available for development of a resort or country club and integrated sporting facilities.

In October 2003, the City entered into a Golf Club Agreement with the Boulder, Hannans and Kalgoorlie Golf Clubs. This agreement created a new entity, the Goldfields Golf Club, the sole legal entity to represent the interests of all clubs in facilitating the construction and development of the Golf Course Complex and liaising with the City and State. The three original clubs wound up operations.

In January 2004, the City, State of Western Australia and Landcorp committed to a Golf Course Development Agreement (GCDA) which articulated a different approach to the development of the Golf Course Complex. Under this GCDA, the State was required to pay three payments to the City totalling $8.5 million. The first and second payments were to be used for the sole purpose of the design and construction of the Golf Course Complex.

The State was required to make a reserve (Golf Course Land) and place the care, control and management of the reserve with the City and transfer the Resort Site to the City. The City was required to procure the design, construction and management of the Golf Course Complex and be responsible for the ongoing management, operation and maintenance of the Complex in accordance with the management plan. The City was also responsible for rehabilitating a former landfill site comprising part of the golf course.

The Golf Club Agreement was varied by a Deed of Variation on 25 November 2005, requiring the City to contract with a developer for the design, construction and operation of the Golf Course Complex. The City entered into a series of project agreements with a developer, Austzone Pty Ltd for a Golf Course Complex, with a practical completion date of 30 November 2007. The project agreements were terminated in 2009 following Austzone Pty Ltd experiencing financial difficulties impacting on its ability to fulfil its obligations to the project.

The City subsequently completed the Complex at its own cost (approximately $10 million, significantly exceeding its agreed contribution of $4 million) and opened the Complex (without Resort) in 2010. Since this time the City has operated the Complex, including the provision of food and beverage, at an operating loss exceeding $1 million per annum.

The State and Landcorp have not agreed to contribute any further funds to the remaining development, including the Resort. The City entered into a new Golf Clubs Agreement with the Golf Clubs on 17 September 2010. As part of this the City agreed to use its best endeavours to attract and engage a Premier Resort Developer to construct the Premier Resort on the Resort Site and a Premier Resort Operator to operate the Resort, and if required, the Complex.

The City has been in negotiations with a Developer about the potential development of the Resort Site and remaining facilities. The Developer has proposed they and the City sign a HoA to enable construction of the development to commence.

An agreement was also signed at this time providing for the grant of a license in respect of the Golf Course Complex to Goldfields Golf Club. A new Golf Club Agreement was subsequently entered into by the City and the Golf Club on 17 September 2010. This
Agreement also contains additional clauses in relation to the provision of a permanent Clubhouse as part of the Golf Course Complex. This Agreement still determines the use of the Complex by the club.

These agreements collectively encompass the obligations of the City in respect of the Golf Course Complex. The City has, over the last 12 months, been in negotiations with Pacifica Developments in relation to the potential development of the Resort Site and the remaining facilities. These negotiations have now reached the point where a project could proceed. The details of the project have been agreed and outlined in a Memorandum of Understanding (MOU), the primary contents of which were made public in announcing the plans recently.

The MOU has significant conditions precedent included that follow the legal advice prepared for the City by McLeods Lawyers. Negotiations are still required to be completed with the developer over access for the golf club members and costs. This report is submitted to authorise the commencement of the next actions required to be undertaken by the City to complete its binding obligations.

3. Project Description

Kalgoorlie is located approximately 600km from Perth on the Great Eastern Highway and can be reached by plane within one hour of Perth. With a population of over 30,000\(^2\), the City of Kalgoorlie-Boulder is a major regional centre under the \textit{Local Government Act 1995}\(^3\), and is Western Australia’s largest outback local government area by population.

Kalgoorlie boasts strong transport links by road, rail and air, including the TransWA Prospector passenger rail, a major regional airport for leisure and business, and the primary eastern gateway for vehicles travelling the Nullarbor to and from the Eastern States. These links have seen growth in the tourism sector over the past decade, linking it to Perth, South Australia and Queensland (via the Outback Way)\(^4\).

The first agreements for a new Golf Course Complex in Kalgoorlie were made in 2001 between the City of Kalgoorlie-Boulder (the City) and the State of Western Australia, with the complex to be constructed on Crown Land to the north-west of the Kalgoorlie-Boulder urban area. A temporary Complex was opened (without Resort) in 2010.

The existing golf course has an established reputation as a premier 18-hole grass golf course, currently ranked number 18\(^1\) in Australia’s top 100 public access courses based on overall design, conditions and aesthetics. It hosts PGA Tour events as part of the ISPS HANDA PGA Tour of Australasia, with tournaments carrying Official World Golf Ranking points. Encompassing events in Australia, New Zealand and the South Pacific, the Tour is described


as “the elite tournament destination for professional golf in Australasia” with a prize pool of $8.5 million\(^5\).

To date, the City has operated the Complex, including the provision of food and beverage, at an operating loss of over $1 million per annum. It has also actively engaged with a range of third-parties in an attempt to establish a high-quality resort within the Kalgoorlie Golf Club Complex, commensurate with the standard of golf course currently there.

The proposal to grant a long-term lease over the resort site, provision of a secured loan and contribution to the project, on condition of developing and operating a Premier Resort Site, could both deliver on the City’s obligations but also provide a significant new opportunity to promote the City, its tourism potential and amenity, as well as reduce the ongoing management costs of the current facility.

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Prepared by NAJA Business Consulting Services
4. Project Objectives and Desired Outcomes

The proposal covered by this report is for the long-term ground lease of the Kalgoorlie Golf Course Resort Site for the purpose of developing a Premier Quality Resort. The key outcomes of this project are to:

- develop a new facility of a high-standard commensurate with the existing golf course;
- provide a sports-tourism based and experience-based economic driver for the community and local economy;
- develop a new facility which creates opportunities for expansion into new markets such as conferences and expos; and
- meet the City of Kalgoorlie-Boulder’s obligation to develop a clubhouse within the Golf Club Complex.

5. Policy and Strategic Alignment

5.1. State and Federal Planning

5.1.1. State Planning Strategy (SPS) 2050

The Western Australian Planning Commission’s SPS 2050 has a vision of sustained growth and prosperity in the face of expected challenges for Western Australian communities. The Strategy is based on six overarching principles, four of which align with the proposed plans for redevelopment: community, infrastructure, economy and regional development.
The Strategy sets out a range of priority areas with requirements underpinned by four reference points that support sustained growth: diversity, liveability, connectedness and collaboration.

The Strategy divides WA into three sectors, with Kalgoorlie-Boulder a regional centre within the Central sector. The Central sector is described as “a growing and diverse economy underpinned by mining, agriculture, fisheries and tourism”. An increase in tourism infrastructure is seen as a challenge that the State must address to realise opportunities around economic diversification, especially regionally. Furthermore, it acknowledges that incentives are likely to be required in attracting hotel development investment in regional areas.

The project fits within SPS 2050 in several ways:

- Global competitiveness – the project contributes to a diversified economic base away from mining and resources, as well as attracting and retaining social capital through increased liveability in Kalgoorlie-Boulder.
- Strong and resilient regions – the project is a proactive approach to challenges and opportunities, facilitating economic expansion while contributing to creating a place where people want to live and work.
- Sustainable communities – the project facilitates an investment in enhanced infrastructure and social capital; making Kalgoorlie-Boulder an attractive, liveable regional community with increased amenity.
- Infrastructure planning and coordination – government and private sector working together to create new business and lifestyle opportunities. The project would capitalise on private sector capability, reducing the service provision required by the City.
- Conservation – as public open space contributes to maintaining and conserving biodiversity and landscapes.

5.1.2. Regional Development Strategy 2016-2025

The Regional Development Strategy functions in conjunction with the Regional Investment Blueprints and directs regional development efforts and investment towards building vibrant regions with strong economies. The Strategy provides a high-level framework to prioritise and progress opportunities with the most potential emerging from Blueprints and other sources – essentially providing a ‘whole-of-state’ approach to regional development.

With the two key focus areas of the Strategy being the establishment of socio-economic foundations for development; and to drive growth and new investment, the Golf Course Resort proposal is closely aligned with the priorities of this plan and offers the opportunity to grow the liveability and sustainability of the Kalgoorlie-Boulder community.

The following areas of the proposal align with the Regional Development Strategy:

- Develop people’s capability to drive growth and prosperity – creation of new jobs and development of tourism in Kalgoorlie-Boulder.
- Enhance key regional centres to capture investment- Kalgoorlie-Boulder is recognised as a major regional centre in WA. Increased tourism and jobs will lead to
sustainable growth in the area, particularly if new businesses flourish. Improved infrastructure, such as facilities that complement the high-quality golf course, will also draw higher numbers of visitors who will invest more time and money in the Resort, and by association, the community.

- Identify and promote opportunities for investment – the project presents an opportunity to capitalise on private sector capability and, through government partnership, achieve a high-quality investment with flow-on effects for the local economy.

5.1.3. State Government Strategy for Tourism in Western Australia 2020

The State Government Strategy for Tourism in Western Australia sets a stretch goal to double the value of tourism in WA by 2020, from $6 billion to $12 billion. To achieve this goal, the state aims to increase the number of tourists visiting regional Western Australia by offering a diverse range of experiences, including business and leisure-based tourism.

International markets are projected to contribute to growth in Australia’s tourism industry over the next decade, growing to 45% of overnight visitor spend nationally by 2020. However, compared to other states, WA is reliant on domestic tourism and must increase its share of international visitors to Australia to take advantage of growth in international markets.

The Strategy highlights the need for increased collaboration and alignment between government and industry. Seven strategic pillars for growth are outlined, many of which this project can contribute towards:

- Brand – the Tourism WA branding is built around Extraordinary Experiences. The unique natural and cultural setting of Kalgoorlie-Boulder as an outback city offers plenty of opportunities to deliver on this promise. The current marketing campaign Just Another Day in WA relies heavily on imagery showcasing activities or natural features, which are readily shared on social media. The proposed project enhances the opportunity to leverage value from this campaign and in turn contribute to WA’s profile.

- Infrastructure – this project represents government and industry collaborating to deliver new tourism infrastructure and workforce.

- Business Travel - the business travel segment represents a major opportunity to drive growth in both international and domestic visitation. Golf provides an ideal attractor for this market, with the opportunity to motivate business travellers to extend their stay to enable time for golf and provide an opportunity for informal engagement with business prospects in a non-corporate environment. A premier facility also broadens the offering in Kalgoorlie-Boulder, leveraging the conference market and offering complementary experiences to deepen the business tourism experience.

- Asian Markets - grow WA’s share of the high-yield Asian market, particularly China, Japan Singapore and Malaysia. Projections show that 30% of growth in tourism to 2020 will come from China alone. China has one of the largest economies in the world and golf is becoming an increasingly popular sport. The Golf Course is already part of the PGA Tour of Australasia (Australia, New Zealand and the South Pacific) and any improvement in the complex is well placed to maximise opportunities to attract Asian tourists and businesses to visit and keep returning. Encouraging repeat visitation is another of the Strategy’s aims.
• Events – Events are a powerful yet currently underutilised asset to help energise intrastate and interstate demand and appeal to overseas markets. Kalgoorlie currently does not have a quality venue suitable for functions with more than 120 people and loses customers to other locations, primarily Perth. The provision of a new Premier Resort would offer a venue with the capacity to cater for these larger functions, including weddings.

• Regional Travel – the Strategy aims to increase visitors to regional Western Australia. As WA’s largest outback local government area by population, Kalgoorlie-Boulder is well placed to help achieve this target. A recent parliamentary enquiry into regional air travel reflects a concerted effort by government to increase the affordability of regional locations for visitors.

5.1.4. Strategic Directions 2016-2020

The Strategic Directions 6 (SD6) for the Western Australian Sport and Recreation Industry planning framework has been developed to provide vision and direction for WA’s sport and recreation industry and guide strategic planning for organisations. The framework identifies key challenges that must be tackled in the WA sport and recreation industry over the next five years, which fall into thirteen categories. Many of these categories correlate with this project, such as:

• Governance – the development of the Golf Clubs Agreement through the amalgamation of several clubs has enabled streamlined governance processes and minimised duplications across multiple volunteer-governed organisations.

• Public Open Space and Urban Form- the project uses land already set aside for the purpose and would integrate with existing facilities within the complex. The golf course is public access and redeveloped facilities would be expected to increase the range of options available locally for business and leisure.

• Adventure and Outdoor Recreation – to increase and sustain the growing demand in this sector the focus is on enhancing the existing golf course and providing high-quality complementary facilities and services. The golf course is already of a PGA Tour standard and development of the resort site would be required to be of a premier quality standard.

• Financial [Un]certainty - The availability and stability of government and private sector funding is vital in enabling a significant proportion of Western Australians to lead active lifestyles. The proposed arrangement would seek long-term financial viability of the facility and overall elevate the experience offered by the course.

• Leveraging Facilities Investment - Stakeholders must leverage the investments made in sport and recreation facilities. The Kalgoorlie Golf Course already attracts high profile events but improved facilities would provide further incentive by securing high profile events and encouraging visitors (both local and international, on business and leisure trips) to experience what the Complex offers, and ideally become repeat visitors. This will leverage the investments made by the Club and boost the local economy.

• Life Course and Life Stage Participation – Golf offers a highly accessible sport which involves sustained low impact exercise over a relatively long duration. The sport is suitable across generations and is particularly popular with males, and often older males who have otherwise sedentary lives.
5.2. Regional Planning

5.2.1. Goldfields-Esperance Region 2011–2021 Strategic Development Plan

The Goldfields-Esperance Blueprint (Regional Development Australia, Goldfields-Esperance Development Commission, Goldfields Voluntary Regional Organisation of Councils) establishes a Regional Vision where: “in 2050, the Goldfields-Esperance region enjoys exceptional lifestyle opportunities and a prosperous, diverse economy built upon our skills, natural resources and rich cultural heritage”.

A challenge for the region has been its strong links to global commodity prices, making it subject to ‘boom-bust’ cycles with population fluctuation and employment changes. However, a relatively strong growth in the residential population has been recorded since 2005. Kalgoorlie-Boulder attracts young families and has a younger culturally diverse demographic, while Esperance attracts families and an older population.

The project fits with the regional priorities for Goldfields-Esperance:

- Enhanced Regional Living - Perhaps due to the isolated nature of the many communities in the region, there is a high participation rate in sporting, cultural and social activities, often above the WA average. Kalgoorlie-Boulder boasts some sport and recreation venues such as the Goldfields Oasis, and an improvement to the facilities at the golf clubhouse would extend the use of the golf course to a wider audience.

- Tourism Visitation - Over the past decade, Kalgoorlie’s transport links with Perth, South Australia and Queensland (via the Outback Way) has seen growth in the tourism sector. The region has a range of attractors which could contribute to a cluster effect driving visitation and participation, including heritage architecture and a rare and diverse natural environment featuring assets such as the Great Western Woodlands and the Fitzgerald River National Park. Kalgoorlie’s natural landscape and status as Western Australia’s largest outback local government area by population, present a unique proposition to the international visitor. The Golf Course has built a strong reputation and the adjacent premier resort would serve as a significant attractor in a unique setting.

5.2.2. Goldfields-Esperance Regional Planning and Infrastructure Framework

The Western Australian Planning Commission’s Goldfields–Esperance Regional Planning and Infrastructure Framework (2015) sets out a vision for the region to be resilient and vibrant with liveable communities that offer attractive lifestyles, natural environments and diverse economic opportunities. The region contains a diverse range of potential tourism attractions and destinations covering cultural heritage and natural environment.

Esperance has been identified as a key cruise destination which presents flow-on opportunities for Kalgoorlie through the development of packages centred on an upgraded golf experience. Opportunities also exist to improve training, employment and business opportunities for Aboriginal residents.
As a major regional centre, maintenance and upgrading of sporting facilities is important to provide attractive and liveable communities, attract and retain new residents and promote physical activity.

5.3. Local Planning

5.3.1. CKB Strategic Community Plan (2015–2025)

The proposal outlined in this report is consistent with the City’s long-term strategy to stimulate economic growth and opportunity in the district. It also fits with the guiding principles to:

- Be a City that is a dynamic, diverse, and attractive place for tourists.
- Ensure a financially stable local government.

It links to the City’s Strategic Community Plan 2015-2025 through the following themes:

- Community – It would enhance the quality of life and encourage City-wide community development opportunities.
- Economy – The project would bring new and repeat visitors, provide jobs, expand and diversify the economy away from mining and resources.
- Infrastructure – The proposal would deliver high-quality infrastructure to complement the existing Golf Course.

5.3.2. Kalgoorlie Boulder Local Planning Strategy (2013–2033)

According to the Local Planning Strategy, the City population has the potential to reach over 50,000 by 2050. The project fits with most of the strategic goals of the LPS, including:

- Provide a variety of residential lifestyle opportunities;
- Promote our vibrant tourism opportunities and attract more visitors to the city;
- Generate employment opportunities that address the needs of the community;
- Promote the development of the Kalgoorlie City Centre and Boulder Town Centre as the commercial and social hubs of the region;
- Ensure appropriate location of development to avoid land use conflicts.

5.3.3. Growth Plan

The Growth Plan was prepared as the basis for a locally owned and driven strategic plan for the future of the Kalgoorlie-Boulder economic zone. It sets out a vision for “exceptional lifestyle opportunities and a prosperous, diverse economy”.

This project delivers an opportunity to further diversify the local economy beyond mining through a high-quality facility that will also attract and retain a skilled population.

The Plan also sets out the need to attract increased tourism visitors, develop and diversify the tourism product and improve customer service. A premier facility (rated a minimum 4.5 star) would be a significant addition to Kalgoorlie-Boulder’s tourism offering. The Plan also specifically lists the golf course as a key opportunity to build on Kalgoorlie-Boulder’s reputation, along with events, nature-based tourism and Aboriginal tourism experiences.
5.3.4. Strategic Business Plan 2015-2017

As part of the Kalgoorlie-Boulder Chamber of Commerce & Industry Inc. (KBCCI) Strategic Business Plan, a range of local initiatives are highlighted. One of these is the KBCCI run Charity Golf Day at the Kalgoorlie Golf Course. According to the KBCCI website, whilst this is a charity event, it has a strong business focus being an excellent opportunity to network with existing, new or potential clients on the world-class Kalgoorlie Golf Course. Participants are provided with breakfast on arrival, on course food and beverages throughout the day and a presentation luncheon, providing networking opportunities. Strategically planned promotional activities are also undertaken in the lead up to the event.

6. Project Deliverables

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<thead>
<tr>
<th>Outputs</th>
<th>Performance Measure</th>
<th>Performance Measure Method</th>
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<tbody>
<tr>
<td>Resort and Clubhouse development</td>
<td>Completion of building works</td>
<td>Satisfactory site inspection of completed building works</td>
</tr>
<tr>
<td>Agreement with developer for management of clubhouse</td>
<td>Signing of agreement between CKB, GGC and developer</td>
<td>Implementation of agreement conditions</td>
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7. Identification of Need

The City of Kalgoorlie-Boulder is a major regional centre, and with a population of over 30,000, it is Western Australia’s largest outback local government area by population. It boasts strong transport links by road, rail and air, including the TransWA Prospector passenger rail, a major regional airport for leisure and business, and the primary eastern gateway for vehicles travelling the Nullarbor to and from the Eastern States.

The Kalgoorlie Golf Course was opened in 2010 and is a premier 18-hole grass golf course, currently ranked number 18 in Australia’s top 100 public access courses. It hosts PGA Tour events as part of the Tour of Australasia, with tournaments carrying Official World Golf Ranking points. While the golf course is of a PGA Tour standard, the current facilities within the Complex do not match this standard.

The golf course sits within a Complex consisting of a clubhouse, pro shop and presently undeveloped resort site. The care, control and management of the Golf Course Complex is currently vested in the City of Kalgoorlie-Boulder (the City) for the purpose of ‘Golf Course’. Since 2001, the City has entered into several agreements that bind it to deliver a golf club resort and permanent golf clubhouse.

The development a Premier Resort on this Site would not only deliver on the City’s obligations but also provide a significant new opportunity to promote the City and its tourism potential and amenity, as well as reduce the ongoing management costs of the current facility.

A development of this standard would provide both a sports-tourism and experience-based economic driver for the community and a source of economic diversification separate from
mining and resources. It would also create opportunities for expansion into new markets such as major conferences and functions.

As a major regional centre, maintenance and upgrading of sporting facilities is important to provide attractive and liveable communities and help attract and retain new residents and skilled workers, as well as promote physical activity. It would also offer locals the opportunity to enhance their quality of life and encourage City-wide community development opportunities, efficiently extending the use of the current facilities.

8. Socio-Economic Benefits

8.1. Tourism Sector Development

The Kalgoorlie Golf Course is already a significant tourism draw card for the region, with a CKB survey of new visitors to the course finding that 72% of them were attracted to visit the city for the primary purpose of playing at the golf course. The completion of this project would see a higher standard of facilities and a larger scale marketing opportunity presented through partnering with a resort facility. Therefore, it is expected that tourism would increase further.

According to REMPLAN\(^6\), it has been determined that the average spend of a tourist in the Goldfields is $148 per night with an average stay of 4 nights. With a conservative estimate of an additional 400 visitors per year generated through interest in the golf course, this would equate to an additional $240,000 boost to the region’s economy per annum. This estimate would likely be very conservative, with a premium golfing facility development in another regional location anticipating increased visitation of around 400%.

The golf course developments on King Island contributed to a significant increase in visitation for this previously languishing tourist destination. Increased visitation to King Island of 400% was anticipated in project planning, from a base of 6,000 visitors per annum in 2015-16. This projection appears achievable with 2,000 bookings for the golf course (not including other golf-related facilities) in the first two weeks of opening.

Total visitor numbers to the island increased, with the number of airport landings for almost every month in 2016-17 higher than the previous year, with large increases from October to March. There were nearly 600 landings in March 2017 (mostly regular public transport flights), the most recent available data. Annual monitoring of trip purpose also showed visits where golf was the main motivator increased from 4% in 2015-16 to 20% in 2016-17, with the largest gains in the 35 to 74 year-old age group. The majority brought their friends or family with them\(^7\).

While the King Island development involved the creation of new golf courses and Kalgoorlie already has a premium golf course in place, the King Island experience demonstrates the strong potential of marketing a premium offering to golf tourists.

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\(^6\) REM Plan Report, *Potential Economic Impact of the Greenview Community Hub*

It is further expected that this growth will entice venture capitalists and developers to the area, revitalising the region. KPMG’s study into the economic effects of nearby golf courses found that a quality golf course in the vicinity increases real estate price premiums by around 20%. This effect has been felt on King Island already, with some property values in the area have seen significant growth by up to 67%.

Globally, tourism plays a key role in job creation, global economic activity, export revenue and domestic value-add. In OECD economies, on average tourism accounts for 4.1% GDP, 5.9% employment, 21.3% of service exports and around 80% of domestic value add. The sector has also been resilient through environmental and economic challenges, with year-on-year growth since the global financial crisis in 2009.

International markets are projected to contribute to growth in Australia’s tourism industry over the next decade, growing to 45% of overnight visitor spend nationally by 2020. Compared to other states, WA is reliant on domestic tourism and must increase its share of international visitors to Australia to take advantage of the growth in international markets. Research by Tourism Research Australia has reported the average length of a trip undertaken by domestic golf tourists to be six days, and international golf tourists 45 days.

The OECD found transport is integral to tourism, and consumers are looking for unique, personalised experiences in alternative destinations. Kalgoorlie is in a position to capitalise on both of these requirements, with its strong transport links to Perth, South Australia and Queensland already increasing tourism visitation. Kalgoorlie is also poised to deliver on the promise of a unique experience, being an outback city, but it must have quality infrastructure to support this growth. Tourism infrastructure has been endorsed as one of the Australian Government’s investment priorities to capitalise on the rising Asian middle class and demand for unique tourism experiences.

Golf tourism offers benefits not only as golf club revenue on direct golf expenditure by tourists, but also flow on benefits to hotels, restaurants, retailers, local tourist attractions, car rental agencies and airlines. The PGA Report produced by Ernst & Young and the Professional Golfers Association (PGA) Australia determined the “golf economy” generates significant revenues for the many industries it interacts with. In Australia, this amounts to a $2.71 billion industry, with 16% of this hospitality and tourism. They also found 29% of golf facility revenue comes from food and beverage, with 40% of golf travel expenditure on food and beverage, transportation and accommodation.

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Globally, golf tourism is estimated to exceed $25 billion and is continuing to grow. Tourism Research Australia (a government research body), estimates that the total expenditure of tourists who have participated in golf while holidaying in Australia to be $1.44 billion per annum.\(^\text{12}\)

The current sustainability of the Australian golf industry is strongly linked to domestic golf travel. In 2013, there were 1.575 million overnight trips which incorporated golfing, generating 8.4 million visitor nights. The average spend per night was, on average, $170. The average spend per trip for Western Australia in 2014 was $1,400, and the average night spend in 2014 was $302. The average night spends were found to be significantly higher for shorter trips (up to 4 nights) in comparison to longer trips (10 nights plus). In 2014, 62\% of trips were four nights or less.\(^\text{13}\)

Kalgoorlie can help deliver WA’s goal to grow the share of high-yield Asian market, and projections show that 30\% of growth in tourism to 2020 will come from China alone. China has one of the largest economies in the world and golf is becoming an increasingly popular sport. The Kalgoorlie Golf Course is already part of the PGA Tour of Australasia (Australia, New Zealand and the South Pacific) and any improvement in the complex is well placed to maximise opportunities to attract Asian tourists and businesses to visit, and also keep returning.

The air services agreement made between Australia in China in January 2015\(^\text{14}\) will increase capacity from China into Australia’s gateway airports and Kalgoorlie has good aviation facilities to link in to this. Kalgoorlie’s position in the PGA Tour of Australasia also opens up opportunities to offer special joint visa products, such as the one developed for the Cricket World Cup for visitors to Australian and New Zealand. Events are a powerful yet currently underutilised asset to help energise intrastate and interstate demand and appeal to overseas markets.

Current strategies to enhance destination attractiveness in OECD member countries are focused on diversification, product development and competitiveness\(^\text{10}\) and as golf is described by some as a ‘mature’ market there is a need to add experience to products.\(^\text{15}\)

The potential golf market within Australia is also substantial, with an estimated 1.8 million people, or 6.7\% of the adult population aged 15 and over, playing golf\(^\text{10}\). Participation of the over 65 age bracket is trending upward, perhaps in line with an ageing population. As this ‘baby boomer’ demographic transition into retirement and have more free time available, this market would be expected to increase further. There are also opportunities to grow the 35 to 44 year-old market by offering facilities that would appeal to this age bracket.

With golf both a driver of tourism (such as holidays where golf is the primary motivation) and a secondary activity (as well as contributing to a cluster effect) the addition of a proposed


Premier Resort presents many opportunities for value-adding, product development and diversification, leading to improved competitiveness in the tourism sector.

In parallel to the opportunities offered through the golf tourism market, event tourism is also likely to be bolstered as a result of the proposed development. Weddings and conferences both offer the opportunity to generate regular income through private and corporate functions.

The Kalgoorlie Golf Course currently host weddings (on average 20 per year) utilising temporary marquees to cater for these functions, which limits the ability to tap into the premium wedding market. The proposed facility would offer the benefit of providing local residents with a quality option for a larger wedding without having the leave the region, as well as continuing to attract non-residents and ‘expatriates’ to host their wedding in Kalgoorlie and generate significant positive impacts to the local economy with a large number of wedding guests being visitors.

Kalgoorlie has limited options for large events, particularly for sit down dinners. The Kalgoorlie-Boulder Chamber of Commerce and Industry (KBCCI) has highlighted the challenges in hosting functions and events in the City, with a lack of conference facilities impacting on the potential for the region to showcase its capabilities and to attract conference organisers to the region. The KBCCI has indicated they receive two to three enquiries per month for venue hire of up to 300 people, with enquiries coming from both national and international event organisers.

Currently improvised conference solutions are adopted – for example, the use of the WA School of Mines Graduates Hall which is able to hold approximately 400 people, however is not a venue of a standard that would be expected for black tie gala dinners. The location is also problematic due to constraints with the kitchen, making preparing quality meals for this number of guests.

The ability to harness the interest in hosting major conferences and events in Kalgoorlie through the provision of quality facilities as proposed offers real benefits in terms of elevating business/event tourism, with a majority of attendees likely to reside outside of Kalgoorlie. With effective cross-marketing between tourism providers and event organisers, there is the potential to leverage a ‘stay and play’ approach to further length the visitation impact of this tourist sector.

A further benefit a quality facility offers is the potential to future-proof the current Golf Course from changing climatic conditions. Changes in local climate conditions will make destinations more or less attractive and projections are that Kalgoorlie will experience higher average temperatures in all seasons and more hot days and warm spells. While the Golf Course itself plays an important role in reducing urban heat island effect and cooling the surrounding

area, a Resort could provide the opportunity for respite, encourage people to extend a planned visit, and extend the use of the Complex beyond just playing golf.

While the SPS 2050 concludes that an increase in tourism infrastructure is essential to exploit the State’s unique opportunities and diversify the economy, especially regionally, it concedes this is unlikely to be achieved in mining reliant areas without targeted investment and incentives.

8.2. Community Health & Productivity Benefits

The World Health Organisation identifies physical inactivity as a leading risk factors of death worldwide\(^\text{18}\) and health professionals urge the adopting of less sedentary lifestyles to combat this growing health problem.

Golf offers a unique proposition in terms of exercise, given that both competitors and spectators need to be active to follow the game play. Evidence suggests that regular walking typical of a golf game has many positive health and fitness benefits, particularly for otherwise sedentary middle-aged men\(^\text{19}\). With Kalgoorlie hosting major golf competitions as well as regular local competitions and casual games, there is opportunity for a positive health and wellbeing benefit on golf course users, as both a participant and a spectator.

With an increased opportunity for people to be more active comes an improved likelihood of better health outcomes – both in terms of physical fitness as well as the improved mental wellbeing typically associated with increased engagement in social interaction. A Swedish study found a 40% reduced mortality rate in golfing men and women of all ages and socioeconomic groups, equivalent to an increase in life expectancy of about 5 years\(^\text{20}\).

The flow-on benefits to the local economy point to improved worker productivity when the workforce is engaged in more physical activity, a lower burden on the local health system due to conditions associated with inactivity. Improved amenity through lifestyle amenities also boost liveability in the local area and boost the ability to attract and retain a robust and skilled local workforce.

It is estimated that walking offers a net health benefit of 144 cents per each kilometre walked\(^\text{21}\). Given that the average distance walked on a standard 18-hole golf course is around 8.5km, the positive health benefits multiplied across golfers utilising the course is quite significant. Furthermore, this benefit is experienced year on year.

In addition to the physical health benefits of golf, the sport offers acknowledged benefits in terms of connectedness and wellbeing. Golf is typically played in small groups, often seeing participants build genuine friendships or reinforce existing relationships. The physical


exercise combined with the benefits of walking in an open, natural environment have a positive impact on stress levels. This element is considered so integral to golf that the Golf Course Guide allocates a 20% weighting to aesthetics “that very subjective quality of ambience and tranquillity that allows the golfer to lose himself in his environment” in its ranking criteria. Golf tends to be a social sport on and off the course, with clubs typically hosting events and post-game activities and ultimately building a sense of community and social connectedness.

An Australia based sporting study the ‘Value of a Community Football Club’ is also relevant although covering a different sport. This study highlights the potential value of investment in community sporting groups. Their research identified that every dollar invested in a community club has a $4.40 return in social value in terms of increased social connectedness, wellbeing and mental health status; employment outcomes; personal development; physical health; civic pride and support of other community groups.

Overall, increased participation in sporting and social activities by both Kalgoorlie-Boulder locals and visitors is enhanced with the improved facilities presented by this proposal.

8.3. Aboriginal Engagement

Upgraded facilities in Kalgoorlie provide several exciting opportunities for aboriginal engagement – through enjoyment of golf, direct employment at the proposed facility and enhanced business opportunities.

Firstly, increasing visitors to the Kalgoorlie Golf Course (particularly international visitors) presents opportunities as golf club visitors provide an ideal audience for an Aboriginal tourism experience business.

Groups such as the Western Australian Indigenous Tourism Operators Council (WAITOC) aim to position Western Australia as the premier destination for authentic Aboriginal experiences, looking to create a vibrant and sustainable Aboriginal tourism industry. Accessing the expertise and support of WAITOC, along with working with the Resort, could provide an existing or establishing tourism operator with good exposure to ideal clients. There is also the opportunity for collaboration with the restaurant operator to deliver cultural experiences in combination with dining events.

Local Aboriginal businesses can also seize the chance to develop innovative golf related business concepts connected with culture. For example, the Indigegolf brand offers superior golf grips featuring indigenous art created by a young Indigenous graphic designer based in Darwin Australia. They retail online as well as wholesale to golf and tourist stores.

Golf is also a powerful engagement opportunity and offers a range of social benefits as outlined in section 8.2. Several indigenous golf championship competitions are held in the eastern states, with a range of programs supporting the development of golf in remote communities in place. These include supporting the accreditation of Community Golf Instructors as well as donations of golfing equipment to remote communities.

The Clontarf Foundation uses sport as a school engagement mechanism for young indigenous men. The Foundation believes that failure to experience achievement when young, coupled with a position of under-privilege can lead to alienation, anger and more serious consequences. To date the program has resulted in high year-to-year retention and school attendance rates and reduced crime rates. Clontarf have a focus on Australian Rules and/or Rugby League, however the Academy already based in Kalgoorlie have included basketball in their program and could also extend to golf.

The NAIDOC Week Netball Carnival is an example of a successful state-wide indigenous sporting competition in Western Australia, which sees over 40 teams competing. In the golf sector, there is scope to partner with the Western Australian Golf Foundation which seeks to provide support and funding to golf organisations for a broad range of development purposes, including the encouragement and assistance to golfing bodies that provide programs for the disabled, indigenous and other minority groups.

The NAIDOC Cup for golf runs in WA, with notable players such as former Fremantle Dockers and North Melbourne premiership player Winston Abraham, who plays in an Aboriginal social golf club based at Hillview Golf Course in Kalamunda. The Aboriginal and Torres Strait Islander Golfing Championships are held annually and are open to both adults (18+ years) and juniors (12-17 at start of comp), both male and female. The previous two years have been hosted in Queensland and South Australia.

Overall, there are a range of opportunities for Kalgoorlie to consider including the development of an indigenous golfing program (with scope to include young people and/or adults) and hosting an indigenous golf championship competition.

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8.4. Short Term Economic Opportunities

This is a significant infrastructure development and can be utilised to provide a short-term boost to the local economy, particularly in the building and construction sector. The construction phase offers the opportunity for both use of the local labour force, was well as sourcing of materials locally where possible. Any developer would be encouraged to provide a full, fair and reasonable opportunity for regional businesses in its planning, tendering and contract management.

8.5. Environmental Sustainability

Kalgoorlie-Boulder is located in the ‘Arid Shrublands and Desert’ Conservation Management Zone of Australia. The 23 Conservation Management Zones of Australia are geographic areas classified according to their ecological and threat characteristics. The zones are also aligned with the Interim Biogeographic Regionalisation of Australia (IBRA). Kalgoorlie is not part of the international biodiversity hotspot of southwestern Australia (an area with significant levels of biodiversity under threat) and there are no Ramsar or nationally important wetlands in the project area.

However, it is in close proximity to areas of natural bushland and can provide a new range of visitors with the opportunity to learn more and engage with these natural resources. This includes joint opportunities for collaboration between conservation, restoration and recreation. Well managed golf courses contribute significantly to local biodiversity and at least twenty bird species have been recorded at the Kalgoorlie Golf Course through citizen science activities.

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This project proposes to use land already set aside for the purpose of recreation (golf course) and integrate with existing facilities within the complex. This allows for any proposed development to make the most efficient use of resources and land zoning, avoiding clearing for a separate development on a new site and reducing car travel between facilities.

The unique natural and cultural setting of Kalgoorlie-Boulder as an outback city offers plenty of opportunity to deliver on the WA tourism promise of ‘extraordinary’ experiences. There is the opportunity to link in with natural assets such as the nearby Karlkurla Bushland Park, one of the City’s most popular parks. The Kalgoorlie-Boulder Urban Landcare Group are caretakers of the Park and also run a native plant nursery on-site. They run tours for school groups and there may be possibilities to extend this with further funding.

As part of a National Science Week activity the Kalgoorlie Science Teachers Network previously ran an event that brought together young people, local Elders and scientists from across the Goldfields through the ‘Explore Karlkurla’ project. The excursions to Karlkurla Park aim to educate the community (in particular young people) about the nearby Great Western Woodlands with an emphasis on an indigenous perspective.

The project area can also link in to the Great Western Woodlands, the largest remaining area of intact Mediterranean-climate woodland left on Earth with about 3000 species of flowering plants (about a fifth of all known flora in Australia)\(^{34}\). The Biodiversity and Cultural Conservation Strategy for the Great Western Woodlands sets out six strategic directions, one of which is ‘awareness, understanding and involvement’. The strategy also outlines the need

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to promote the Great Western Woodlands as a unique tourist destination and the ‘clear opportunities’ to attract higher yield and environmentally aware visitors to the Woodlands.  

Kalgoorlie’s natural landscape and status as Western Australia’s largest outback local government area by population, present a unique proposition to the international visitor. The Golf Course has built a strong reputation as a PGA Tour standard facility and an adjacent premier resort would serve as a significant attractor in a unique setting, bringing new visitors (particularly international) to the region. The surrounding rare and diverse natural environment featuring assets such as the Great Western Woodlands and the Fitzgerald River National Park present the opportunity to improve understanding of these areas while providing visitors with an unforgettable experience.

The City of Kalgoorlie-Boulder aims to be a leader in sustainable water use. As part of the City’s Waterwise certification (held since July 2014), treated effluent water is used to irrigate the golf course. Furthermore, the City’s wastewater treatment plant is part-run by a significant solar PV system which produces approximately 15% of the facility’s power requirements.

A quality facility offers the potential to future-proof the current Golf Course from changing climatic conditions. Changes in local climate conditions make destinations more or less attractive and projections are that Kalgoorlie will experience higher average temperatures in all seasons and more hot days and warm spells. Golf courses plays an important role in reducing urban heat island effect and cooling the surrounding area, which may translate into reduced power requirements for cooling adjacent facilities. Any project proposed would be assessed to achieve high levels of environmental sustainability.

9. Case Studies

In shaping this business case, case studies were undertaken to better understand the operating models, opportunities and issues associated with similar developments. Case studies for this business case were undertaken of:

- The Vines Resort and Country Club;
- Joondalup Resort;
- Horizons Golf Course Estate; and
- Wembley Golf Course.

Many of these case studies pinpoint a key success factor to operating a golf resort is maintaining a balance between the needs and interests of private members and guests. Both membership and tourism provide key revenue streams to the golf courses, and was important that both were given consideration when managing operations. Where course

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lengths were longer (i.e. 36 and 27-hole golf courses) clubs and resorts were particularly advantaged as it allowed for greater flexibility for scheduling public rounds.

In contrast to metropolitan courses and resorts profiled that were not strongly marketing packages, there are good opportunities here for regional courses and resorts. If the proposed resort and golf club were to collaborate and be more intentional in their marketing approach than the case studied resorts, they may well expect superior take up of package offers. For example, in Albany Western Australia, an integrated approach to packages was implemented. The City reduced landing fees for airlines involved in package deals, airlines reduced fees and accommodation providers gave discounted rates offering 2-3-day package deals, with local tourism attractions (such as the golf club) being involved in encouraging visitation that generated good interest. Similarly, opportunities for Kalgoorlie are presented by both rail and air travel options.

The case studies identified that, in their situation, it was essential that each entity within a golf resort is given the flexibility to operate within their own sphere. Whilst profit and usage can be maximised by offering package deals and advertising as an overall destination, rigidity could create an impractical management structure. For example, the golf course section of the resort should be operated by an expert in that field. Golf resort hierarchy needs to recognise that employees in management positions should be given scope to run their department as they see fit, within the overall operational goals of the resort. That said, resort managers interviewed as part of these case studies had little knowledge or interest in how other areas of their respective resorts operate. This may suggest that the flexibility and independence has extended too far and could have a negative impact on the operation of the resorts. A more balanced approach is required.

It is recommended that the Kalgoorlie Golf Club generate interstate and international reciprocal agreements. As of this time KGC has reciprocal agreements with The Vines Resort and Country Club, Royal Perth Golf Club, Royal Fremantle Golf Club, and Melville Glades Golf Club. These will generate interest from within Western Australia in visiting the resort. Extending this form of free advertising both nationally and globally will increase patronage organically, and even more so due to word of mouth amongst golfers.

9.1. The Vines Resort and Country Club

The Vines Resort and Country Club (VRCC) is a 36-hole golf resort set in the Swan Valley region of Perth. VRCC boasts 103 resort rooms and 54 condominiums, accompanied by various bars and restaurants.

There is not a strong link between the golf course and the resort itself, and VRCC management identifies that this is an aspect of the business they need to strengthen, but at this point they have not properly considered. Patrons of VRCC tend to be more attracted to the resort than the golf course. There is a high volume of non-golfing Club members who utilise the resort facilities but not the golf course. VRCC does not cross-promote with other local business in the area, as they feel their Swan Valley location is advantage enough.
When VRCC first opened, the Club, golf course, and resort were three separate entities. When Novotel purchased the resort in 2006, these were amalgamated. VRCC is operated by a 3-person board, representing the Club, golf course, and resort. This has not changed the relationship between the entities, and they still co-exist, each with their own manager. The profits of each entity flow to Novotel, as they are the owner of VRCC in its entirety. Novotel is not involved with the daily operations of the Club and course, leaving this to the appointed managers.

In addition to the managers of the Club, golf course, and resort, there are several other positions within the management structure of VRCC. These focus on the specific functions of VRCC such as sales, advertising, bar and restaurant, and membership. However, as with the board, these positions operate within their own sphere.

Any resort patrons also using the golf facilities is considered a bonus, as VRCC’s focus is member and corporate golf. As such, maintaining a close relationship with, and advertising to, resort patrons is not a priority for VRCC. VRCC management recognises that this is an underutilised segment of patronage for the course, however they feel that membership, corporate, and public usage is strong enough for this to remain as is.

Since being purchased by Novotel, there has been a noticeable shift in funding and attention from the golf course to the resort. As a result, the standard of the course itself has declined. This has created issues amongst the golf course members, resulting in a decrease in membership numbers.

VRCC has created and maintained close ties with 49 reciprocal golf courses across Australia and 13 other countries around the world. Reciprocal golf courses refer to an agreement between private, members-only country clubs to allow their members to play one another’s golf courses on an arranged basis. This fosters international advertising of the Vines Resort, and generates a sizable portion of guests utilising both the resort and the golf course. Asia is the key target region, with 23 reciprocal agreements throughout the continent.

9.2. Joondalup Resort

Joondalup Resort (JR) is a 27-hole golf resort located in the northern suburbs of Perth’s metropolitan area. JR contains 70 guest rooms with 4 different room types – Deluxe, Gardenview, Lakeview, and Suite.
Unlike VRCC, JR is not owned by an overarching hotel conglomerate. Whilst VRCC has significant freedom in their relationship with Novotel, being privately owned means that JR naturally had complete control over the direction of the resort.

JR focuses their marketing and advertising heavily towards resort, business event, and wedding patronage rather than golf. There are also few package deals and links between staying at the resort and playing golf. This reflects JR’s approach with separate revenue streams between membership, business events, weddings, and corporate and public golf without needing to create a strong link between them.

This loose connection is also demonstrated in JR’s management structure, which is very similar to VRCC. There is a group of separate business entities operating under the JR banner, including Joondalup Country Club Holdings Ltd, Joondalup Hotel Investments Pty Ltd, Joondalup Resort International Pty Ltd, and Joondalup Golf Management (Aust) Pty Ltd. This structure maximises efficiency and quality of operations. There is a head of each business entity who operate each section of the resort, and these roles form a board of directors. However, this board is focused on decision making that impacts JR as a whole, rather than micromanaging every entity. Within each entity is a typical management structure, with a series of managers and employees in areas such as golf, functions, and sales.

There is a clear distinction between member and non-member events, which helps alleviate the traditional view of a private golf club. In particular, the annual Sir Charles Court Classic Golf Day and Charity Dinner is effective in advertising the club. Whilst such events (such as Christmas and New Year’s Eve) are not always golf focused, this is considered a vital source of advertising for the golf course itself.

9.3. Horizons Golf Course Estate

Horizons Golf Course Estate (HGCE) in Port Stephens New South Wales is a privately owned and operated golf course with close ties to local resort style accommodation. All accommodation on the HGCE is privately managed, and HGCE has no responsibility or control over any accommodation on site or the service offered at these venues.

However, HGCE is committed to cross-marketing with local accommodation, offering “stay and play” packages to visitors. They have partnered with local resorts and hotels so that tourists are able to stay at the accommodation, and play golf at Horizons. Their preferred local resorts and serviced apartments are Anchorage, Cote D Azur Resort, Oaks Pacific Blue Resort, and The Retreat. Each of these accommodations offer promotional discounts for HGCE players.
Closely partnering with local accommodation has several advantages. Firstly, it generates advertising at the partnered accommodation. Having close ties with privately owned accommodation also reduces risk and operating costs for HGCE. There are less overhead costs such as wages and general property upkeep. This also means that a reduction in tourism to the area will not impact HGCE as they are not reliant on the accommodation as a source of revenue. And, as a private golf club, they have existing revenue streams through membership.

A disadvantage of this arrangement is that there are no dedicated packages available to golfers. Separate bookings must be made at both the golf course and accommodation, which could possibly serve as a disincentive to prospective patrons. The ties between accommodation and the course appear to be a necessity of location, rather than a proactive attempt to increase course usage. Horizons course management is content maintaining revenue from private membership, with public and tourist patronage viewed as a bonus.

The relationship appears to be of greater benefit to the operators of the accommodation, as they can entice patrons using the golf course.

9.4. Wembley Golf Course

Wembley Golf Course (WGC), situated in the western suburbs of Perth, is one of the state's oldest operating public courses. The course is situated on land owned Freehold by the Town of Cambridge.

In 2005 WGC commenced extensive research into redeveloping their driving range facilities, pro shop, and function room. Following the completion of Stage 1 in 2010, WGC commenced Stage 2 of the project: the transformation of the hospitality precinct into a family-friendly hub. Stage 2, and consequentially the entire project, was completed in December 2016.

The $10.4 Million Stage 1 and $9.8 Million Stage 2 redevelopments were an attempt to significantly increase the existing cash flows based on an expectation of anticipated benefits of:

- increase in customers (18% year 1, 35% year 2, and 52.5% year 3);
- introduction of memberships;
- increase in property income from new tenancies (conversion of existing Manager’s office, function room, buggy storage and turnover, etc. and creation of a hospitality centre);
- advertising and sponsorship; and
- secondary spending from the pro shop, tavern and green fees.
The works for Stage 1 were funded from the Endowment Lands Accounts with principal and interest being repaid from the WGC revenues. Stage 1 utilised a 20-year financial model based on all excess cash flow being used to repay the loan for the driving range and associated works. The loan repayments are funded from golf course users, and will not affect the Town's rate base.

Prior to this refurbishment, WGC operated as a wholly public course. However, as outlined above, WGC has since operated a split model, with course memberships available as well as public admissions. This should see an increase in revenue of approximately $250,000 per annum due to the increase in memberships, as well as retaining a successful revenue stream from public green fees.

Stage 2 undertook construction of two distinct buildings at WGC. One building comprises the function rooms, restaurant, bar, commercial office space and back of house space in a basement. The second building comprises changing rooms, toilets, and plant rooms. These changing rooms and toilets are leased to the hospitality provider to provide the amenity for golfing and non-golfing visitors to WGC.

The Stage 2 redevelopment received professional advice forecasting the anticipated revenues from the commercial buildings. Initial modelling suggests that the Town of Wembley may earn approximately $555,000 per annum from the redevelopment in lease payments from the hospitality operator. The commercial office space is expected to return $65,000 per annum in rental payment. The Town also anticipates an uplift of $450,000 per annum from increased green fees from Corporate Golf as a return from improved hospitality facilities.

Since opening, the two function rooms at WGC have been operated under the Ambrose Estate moniker. The Ambrose Room has an operating capacity of 250 seated and 350 cocktail, featuring a stylish interior and large balcony ideal for a function with a view. The Swingview Room has an operating capacity of 70 seated and 100 cocktail. Both function rooms are fitted with premium AV equipment,
including overhead projectors, built-in screens and audio. A restaurant, 300 Acres, also operates within the new facility. The bar and restaurant are open 7 days a week for all day casual dining from 8.00am to late. As the function centre and bar and restaurant are operated by private tenants, the expenses (such as staffing) associated with such a business come at no cost to WGC. Instead, this represents a source of income to the Town through the leasing of the property.

The Town experienced some challenges with the upgrade of the facilities, mostly of an aesthetic nature. The course could still function as per normal, however earthworks, scaffolding and construction created an eyesore and meant a longer commute from the carpark to the pro-shop for golfers. This did not affect the booking rate for the golf course, and there was no noticeable reduction in golf course takings during the construction. There was, however, a period of reduced income from bar and catering facilities.

10. Assessment of Options

10.1. Option 1 – Third Party Resort Developer

Under this option the City of Kalgoorlie-Boulder (the City) attracts a third-party developer to proceed with the development of a premier resort, and clubhouse, as per agreement. To facilitate this approach, the City could invest the $4 million cash reserves that would otherwise be spent on developing a clubhouse, and facilitate access to a self-supporting loan of up to $3 million to assist the developer leverage funding from commercial lenders.

This option allows for the development a tourism asset for the region and would fulfil the City’s obligations under the agreement. This approach would also allow the City to step back from their operational involvement with the clubhouse and golf course which is currently costing the City around $1 million per annum in operational losses.

**Recommended.**

10.2. Option 2 – City as Resort Developer

The City proceeds with the development of a premier resort and clubhouse itself, seeking commercial funding (estimated around $12 million) to supplement the $4 million cash reserve for the development of a clubhouse. The City could operate the resort or lease to a suitable third-party.

This option allows for the development of a tourism asset for the region and would fulfil the City’s obligations under the agreement. This approach would see the City operating significantly outside its area of core business and expertise, representing a very high risk to the organisation. Given the current losses experienced through the management of the clubhouse facility, the likelihood of the City having the capability to adequately operate a premier quality resort seems low.

**Not recommended.**
10.3. Option 3 – City as Clubhouse Developer

The City proceeds with the development of a higher standard clubhouse itself, using the $4 million cash reserves to achieve this. The City could operate the clubhouse or lease to a suitable third-party.

This option would miss the opportunity to develop a tourism asset for the region, although it would allow the City to fulfil its obligations under the agreement. Given the current operational challenges with the clubhouse, the likelihood that the City would invest significant funds and still have to subsidise operations seems quite high.

Not recommended.

10.4. Option 4 – Continue with Current Model

The City continue to operate from the temporary (although high standard) clubhouse, as has been done since its development in 2010. The City could look to review the business model used to manage operations, with the aim of reducing the $1 million annual operational loss, and factoring in any costs into the normal operations of the City.

This approach would not result in any new tourism benefit and would not meet the City’s obligations under the agreement.

Recommended only in the event of Option 1 not being viable.
11. Funding Strategy

The funding strategy for this development is dependent on the approach adopted by the City. The high-level funding for each option is outlined as a guide.

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<thead>
<tr>
<th>Option</th>
<th>Financial Costs</th>
<th>Financial Benefits</th>
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</thead>
<tbody>
<tr>
<td>Option 1 – Third-Party Resort Developer</td>
<td>• $4m investment in precinct&lt;br&gt;• Facilitation of up to $3m self-supporting loan (cost neutral to CKB)</td>
<td>• Rateable development&lt;br&gt;• Potential uplift to tourism sector of the local economy</td>
</tr>
<tr>
<td>Option 2 – City as Resort Developer</td>
<td>• $4m cash investment&lt;br&gt;• $14m (estimate) loan to construct premier resort and clubhouse&lt;br&gt;• Potential ongoing operational loss</td>
<td>• Potential uplift to tourism sector of the local economy&lt;br&gt;• Potential ongoing operational profit</td>
</tr>
<tr>
<td>Option 3 – City as Clubhouse Developer</td>
<td>• $4m cash investment&lt;br&gt;• Potential ongoing operational loss</td>
<td>• Potential ongoing operational profit</td>
</tr>
<tr>
<td>Option 4 – Continue with Current Model</td>
<td>• Operational loss of approximately $1m/annum&lt;br&gt;• No payment of fees to CKB from golf club until a premier clubhouse is constructed</td>
<td>• $4m funds allocated for clubhouse development retained</td>
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## 12. Risk Analysis

<table>
<thead>
<tr>
<th>Risk Description</th>
<th>Likelihood</th>
<th>Consequence</th>
<th>Risk Rating</th>
<th>Mitigation Strategy Option/s</th>
</tr>
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</table>
| Lack of support from key stakeholder/s, conflict between key stakeholders or disengagement of key stakeholders. | 3          | 3           | Medium      | • Develop and implement a Communication Plan for project.  
• Provide opportunities for Goldfields Golf Club members to be engaged in collaborative development of project to minimize risk of lack of consensus.  
• Develop and implement a Stakeholder/Community Engagement Plan for project.  
• Active monitoring of stakeholder and community perceptions of, and support for, project. |
| Unable to attract interest from commercial entity to build and operate a Premier Resort facility. | 4          | 5           | Extreme     | • Build proactive relationship with Landcorp to maximise likelihood of quality referrals.  
• Enlist support of professional advisory service providers to maximise likelihood of negotiating agreement with good terms.  
• Signed Memorandum of Understanding.  
• Place project on hold until agreement with a suitable developer can be reached. |
| Developer is unable to proceed with development due to financial constraints.     | 3          | 5           | High        | • Work with potential developer/s to identify opportunities for CKB to assist with viability of project proposal.  
• CKB to facilitate up to $3m self-supporting loan to developers with a suitable proposal with genuine benefits for local economy.  
• CKB to invest up to $4m towards the development of clubhouse facility when presented with a suitable proposal with genuine benefits for local economy. |
| Land proves unsuitable for development proposal due to                             | 2          | 4           | Medium      | • Explore alternative construction methods that may be more suited to environmental constraints. |
### Risk Description

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<tr>
<th>Risk Description</th>
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<th>Risk Rating</th>
<th>Mitigation Strategy Option/s</th>
</tr>
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<tr>
<td>unanticipated environmental constraints.</td>
<td></td>
<td></td>
<td></td>
<td>Identify an alternative site.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Abandon project.</td>
</tr>
<tr>
<td>Development has negative impact on local economy in short and/or medium term</td>
<td>2</td>
<td>3</td>
<td>Medium</td>
<td>CKB to specify requirements of a ‘buy local’ policy for any development during construction and operations phase.</td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
<td>CKB to encourage Chamber of Commerce, tourist centre and local tourism enterprises to collaborate with resort operator to leverage positive outcomes for all parties.</td>
</tr>
</tbody>
</table>

### Likelihood/Consequence

<table>
<thead>
<tr>
<th>Likelihood/Consequence</th>
<th>Insignificant (1)</th>
<th>Minor (2)</th>
<th>Moderate (3)</th>
<th>Major (4)</th>
<th>Severe (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Almost Certain (5)</td>
<td>Medium</td>
<td>Medium</td>
<td>High</td>
<td>High</td>
<td>Extreme</td>
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<tr>
<td>Likely (4)</td>
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<td>Medium</td>
<td>High</td>
<td>Extreme</td>
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<tr>
<td>Possible (3)</td>
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<td>High</td>
<td>High</td>
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<tr>
<td>Unlikely (2)</td>
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<td>Medium</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Rare (1)</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
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</table>