City of Kalgoorlie-Boulder

BUSINESS PLAN

GOLDFIELDS GOLF CLUB
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1. Introduction

The Kalgoorlie Golf Course is a premier 18-hole grass golf course, currently ranked number 18 in Australia’s top 100 public access courses. The care, control and management of the Golf Course Complex and associated Crown Reserves are currently vested in the City of Kalgoorlie-Boulder (the City) for the purpose of Golf Course.

One component of the Complex is the Golf Club Resort Site, located at 93 Aslett Drive Karlkurla, 6430. The current Resort Site consists of a transportable-style building and there is no resort complex.

The City is considering a major land transaction to enter into a long-term lease of the Resort Site. The purpose is to allow for development and operation of a Premier Golf Club Resort and Clubhouse commensurate with the standard of the existing Golf Course.

This business plan outlines the background of the site and an assessment of the proposal in accordance with the Local Government Act 1995 (the Act). The City has undertaken a significant amount of research beyond the requirements of the Act in considering this proposal. An independent business case has been developed and is available as Addendum 1.

The City invites submissions on this proposed major land transaction by 4.00pm, 7 March 2018. Submissions received in response to this Business Plan will be considered by Council before their determination on whether the City should proceed with this proposal.

2. Background

The community vision for Kalgoorlie-Boulder, as set out in the Strategic Community Plan 2015-2025, is that by 2025, it will be a sustainable regional city with facilities and services for everyone; a City that encourages and supports economic development and diversification and projects a positive image at all times demonstrating a ‘can do’ approach.

While the Kalgoorlie Golf Course is of a PGA standard, the current facilities within the Golf Course 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 Club House at the Complex. To date, the City has engaged with a range of third-parties in an attempt to establish a high-quality Resort.

The MOU with Pacifica Developments will not only deliver on these obligations but will 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 Resort Site considered in this proposal is:

**Address:** 93 Aslett Drive Karlkurla, 6430

**Legal Area:** 1369176

**Title:** A portion of Lot 501 P058165 in Crown Land Title Volume LR3154 Folio 317, yet to be surveyed and excised into Freehold Title (with sufficient easements for roads and
services) subject to Department of Lands processes and meeting conditions set out in the Golf Course Complex Development Agreement (2012) between the City of Kalgoorlie-Boulder, The State of Western Australia and Landcorp and in accordance with concept plan.

**Site area:** 10 000m²

**LPS (2013-2033) zoning:** Public Recreation

**Heritage:** No

**Registered Proprietor:** City of Kalgoorlie-Boulder

**Lessee:** Pacifica Developments Pty Ltd

**Nature of Land Transaction:** 99-year ground lease of the Resort Site

**Consideration:** Development lease at $1 per annum on practical completion of a Premier Golf Resort and Golf Club Facility, which is intended to complement and operate in conjunction with the Golf Course Complex. The lessee is required to manage the ongoing operation of the development over the term of the lease and pay ongoing rates to the City. The City will provide co-funding and a loan towards the development. Full details of the proposal can be found in Addendum 1 – Business Case.

**Market value:** To be determined by independent valuation.
Location Maps:

Figure 1: Zoning map of Lot 501 Kalgoorlie Golf Complex (Public Recreation)

Figure 2: Current Kalgoorlie Golf Complex Site
The City has undertaken a significant amount of research beyond the requirements of the Local Government Act 1995 in considering this proposal. An independent business case has been developed and is available as Addendum 1.

3. Local Government Act 1995 Requirements

Section 3.59 of Local Government Act 1995 defines the proposal in this Business Plan as a
land transaction. A major land transaction is one which is not exempt under the Act and where the total value of:

(a) the consideration under the transaction; and

(b) anything done by the local government for achieving the purpose of the transaction, is more, or is worth more, than the amount prescribed for the purposes of this definition.

The Local Government Act (Functions and General) Regulations 1996 defines the City of Kalgoorlie-Boulder as a major regional centre. Regulation 8A prescribes the amount considered a major land transaction for a major regional centre is the amount that is lessor of $10,000,000 or 10% of the operating expenditure incurred by the City from its municipal fund in the last completed financial year. The 2016/17 operating expenditure of the City was $67.2 million therefore 10% of this (and the threshold for a major land transaction) is $6.72 million, as it is less than $10 million.

The proposed transaction outlined in this Business Plan is a long lease, however the overall consideration of the project would include the value of the lease, the contribution by the City and the provision of a loan (see Addendum 1 – Business Case). Therefore, it would qualify as a major land transaction.

Before it enters into a major land transaction the City is required to prepare a business plan that includes an overall assessment of the major land transaction and details of:

(a) expected effect on the provision of facilities and services by the City; and

(b) expected effect on other persons providing facilities and services in the district; and

(c) expected financial effect on the City; and

(d) expected effect on matters referred to in the City’s forward planning; and

(e) the ability of the City to manage the undertaking or the performance of the transaction.

The City will also be required to undertake a land acquisition/excision for the freehold portion of land within the current Reserve 502, in accordance with the State’s original agreement and outlined in by the Minister in a Ministerial Agreement Letter dated 4 May 2010, and following Department of Lands due process.

This assessment is provided in section 4. Over and above these requirements, the City has undertaken a comprehensive analysis of the proposed site, which is provided as Addendum 1 – Business Case.

The City is required to advertise this proposal for six weeks. A notice will be placed in the West Australian on the 23 January and the 6 February 2018 and in the Kalgoorlie Miner on 20th January and 3 February 2018. Notices will also be placed on the City’s public notice board and online at www.ckb.wa.gov.au This notice and Business Plan will be available to view at the City’s Administration Building and Customer Service Centre as well as online at www.ckb.wa.gov.au
4. Assessment of the Proposal

4.1. Expected effect on the provision of facilities and services by the City

The will be no effect to the facilities and service delivery to community as a result of this proposal. The provision of facilities and delivery of services will be provided via a developer/operator, rather than the current model of direct delivery by the City. Under the proposal the City will continue to manage the Golf Course and Pro Shop.

The conditions of the proposed major land transaction require the lessee to develop and operate a Premier Resort facility. A Premier Resort facility is defined as at least a four and a half 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 City considers the proposal outlined in this Business Plan will facilitate the provision of a higher-quality facility that should benefit residents without the associated financial exposure to the City and the broader community. The reduction in management required by the City will have a positive effect on resourcing and enable an increased focus on other services required by the community.

4.2. Expected effect on other persons providing facilities and services in the district

The land is currently zoned for the purpose of Golf Course, therefore future development of the site would be limited to this use. The Kalgoorlie Golf Club is the only golf club within the City of Kalgoorlie-Boulder so there are no expected effects on similar facilities.

Any proposed development would need to be compliant with the City’s local planning laws.

The City recognises the need to improve the facilities and services, and a business case (see Addendum 1) prepared for this site showed a range of positive effects for related facility and service providers in the district as a result of redevelopment of this site and an expected increase in tourism. With an anticipated uplift in tourism numbers as per the business case, it is anticipated it would have an overall positive impact on the local economy.

4.3. Expected financial effect on the City

The disposal by long term lease of the Golf Club Resort will not generate a positive financial return to the City, however it will result in a reduction in operating costs. The City is not currently deriving income from this facility as it is non-rateable and future development would be limited to the purpose of Golf Course under the City’s Local Planning Scheme. The site would be offered ‘as is’ so there would be no demolition or asset costs to the City.

The care, control and management of the current facility is vested in the City, with ongoing management carried out at a loss. Upon disposing of the Golf Club Resort Site by long term lease, the City would have no ongoing management costs for this Site, currently in the vicinity of $1million per annum. Upon practical completion, it would also commence deriving rates from the site, to be paid by the lessee.

Under the proposal the City would make a financial contribution of $4 million to the
development and facilitate access to a $3 million self-supporting loan to the developers, significantly less than if the City developed the site alone.

4.4. Expected effect on matters referred to in the City’s forward planning

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

- Community – Enhance the quality of life and encourage City wide community development opportunities;
- Economy – Boost opportunities for economic development and tourism; and
- Infrastructure – Enhance the built environment and provide quality infrastructure.

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.

4.5. Ability of the City to manage the performance of the transaction

The Local Government Act 1995 allows Local Governments to dispose of properties. As part of its usual operations the City manages large-scale financial undertakings, with the assistance of suitably qualified professionals where required.

The City has the capability and capacity to implement the proposed major land transaction and has engaged McLeods Barristers & Solicitors to provide legal advisory and NAJA Business Consulting Services and CreativeIQ to provide the City with corporate advisory services.

Any development of the site will be subject to normal planning and building approval processes administered by the City’s Planning, Development and Regulatory Directorate and will also be subject to the *Land Administration Act 1997*.

5. Method for Submissions

Section 3.59 of the Local Government Act 1995 requires the City to give state-wide public notice of the major land transaction under consideration with public submissions open for a minimum of six weeks.

A notice will be placed in the West Australian on the 23 January and the 6 February 2018 and in the Kalgoorlie Miner on 20th January and 3 February 2018.

Notices will also be placed on the City’s public notice board and online at www.ckb.wa.gov.au This notice and business plan and business case will be available to view at the City’s Administration Building and Customer Service Centre as well as online at www.ckb.wa.gov.au

Submissions are to be made in writing to the Chief Executive Officer and received no later than 4:00pm Wednesday 7 March 2018. Submissions are to be addressed to:
John Walker
City of Kalgoorlie-Boulder
577 Hannan Street, Kalgoorlie WA 6430
PO Box 2042 Boulder, WA 6432

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upon request, please contact us for assistance.