



City of Busselton

Geographe Bay

COUNCIL AGENDA

Supplementary Items

24 June 2020

ALL INFORMATION AVAILABLE IN VARIOUS FORMATS ON REQUEST

city@busselton.wa.gov.au

CITY OF BUSSELTON

SUPPLEMENTARY ITEMS FOR THE COUNCIL MEETING TO BE HELD ON 24 JUNE 2020

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9. PETITIONS

9.1 GUNYULGUP VALLEY ACTION GROUP - OBJECTION TO AMENDMENT NO. 45 TO LOCAL PLANNING SCHEME 21

RECOMMENDATION

That the Council:

1. receive the petition from the Gunyulgup Valley Action Group regarding Amendment 45 to Local Planning Scheme No. 21, objecting to the removal of Additional Use 52 from the 'Rural Residential' zoned Lot 30 Millbrook Road, Yallingup, and the introduction of Special Provision 71 to a portion of Lot 30 Millbrook Road (proposed Lot 8 Millbrook Road); and
2. notes that the generation of a location (through the online petition platform) as opposed to an address being provided for each signatory has made it difficult to verify that the petition is made (in the majority) by electors of the district; but that the extenuating circumstances pertaining to COVID-19 have been considered and applied in receiving the petition.

A petition was received from the petitioner on 15 June 2020 regarding an objection to Local Planning Scheme 21 Amendment 45, being the removal of Additional Use 52 from the 'Rural Residential' zoned Lot 30 Millbrook Road, Yallingup and introduction of Special Provision 71 to a portion of Lot 30 Millbrook Road (proposed Lot 8 Millbrook Road) to include a number of additional 'A' uses.

The requirements for a petition to be heard by Council is set out by Standing Order 6.9 of the City of Busselton *Standing Orders Local Law 2018*, specifically that it:

- (a) be addressed to the Mayor;
- (b) be made by electors of the district;
- (c) state the request on each page of the petition;
- (d) contain the name, address and signature of each elector making the request;
- (e) contain a summary of the reasons for the request;
- (f) state the name of the person to whom, and an address at which, notice to the petitioners can be given; and
- (g) be respectful and temperate in its language.

The presiding member has the discretion to accept the petition for consideration if it meets a majority of the above requirements.

The petition is in an electronic form generated in change.org, as per this link: <https://www.change.org/lps21-amendment45-petition>. The petition is addressed to the Mayor, is identified as being from the Gunyulgup Valley Action Group and, by virtue of the way it operates, meets the intent of the requirement to state the request on each page of the petition. This is because each signatory is able to view the request before signing the petition. This request is in effect a summary of the reasons for the request.

The requirement to provide a name and address of each elector has not been met, with only a suburb or in some instances a state or country in being identified. While there does appear to be the ability to edit the location to add a full address, very few of the signatories have done this. The petition contains 823 signatories, only 80 of which are identified by the location provided as being located in the City of Busselton. It may be the case that other signatories are electors who reside or

who were located elsewhere at the time of signing the petition, however without the provision of an address officers are unable to readily verify this from the petition.

With respect to containing a signature of each elector making the request, the *Electronic Transactions Act 2011* (WA) would be applicable. In brief, in circumstances where

- (a) a method is used to identify the person and their intent;
- (b) the method was reliable; and
- (c) the City consents to the electronic receipt,

clause 10(1) provides that the requirement for a signature under the Standing Orders has been met.

The petition is overall respectful and temperate in its language, although it is noted that a small number of the signatories have provided incomplete, clearly erroneous and / or offensive terminology as names.

While officers are concerned about the lack of provided addresses and the resultant ability to readily verify it as being from (a majority) of electors, officers are also mindful of the impact that COVID-19 restrictions may have had on the operation of the petition and increased the need to run it online. Officers also understand that people signing the petition may not have understood the need to / how to enter their full address. In consultation with the Mayor as presiding member, the petition is therefore being presented to Council.

Pursuant to Standing Order 6.9(3), the Council has the following options:

- (a) receive the petition;
- (b) reject the petition;
- (c) receive the petition and refer it to the CEO to prepare a report to Council / Committee;
- (d) receive the petition and refer it to the CEO for action.

It is recommended by officers that the petition is received by Council.

A report in relation to the petition or referring it to the CEO for action is not recommended, for the following key reasons –

1. The matters subject of the petition will necessarily be subject of a report in any case, as there is no delegation (and in fact no power to delegate) for decisions relating to town planning scheme amendments (note that at this stage it is expected that a report on Amendment 45 will be presented to the Council's next ordinary meeting, scheduled for 29 July 2020); and
2. The issues raised in and the outcome sought by the petition have also been raised in submissions lodged in relation to Amendment 45, and will therefore necessarily be outlined and discussed in that report, and therefore considered by the Council.

18. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

18.1 MOTION TO REDUCE PROJECTED COST OF THE BEACH

Councillor Sue Riccelli has given notice that at the Council meeting on 24 June 2020, she will move the below motion.

MOTION

That the Council requests the Chief Executive Officer and Council working group to reduce the cost of the BEACH to the original forecast budget should the \$9.5m repurposed Airport terminal funding from the State Government not be allocated to the BEACH project.

REASONS

It should be noted that the motion contained in this supplementary agenda has been adjusted by Councillor Riccelli for clarity.

The City's original business case for the BEACH was \$20.7 million. With this original forecast in mind alongside Federal Government funding, the City was still required to borrow approximately \$7.5 million creating a possible 0.5% rate increase to ratepayers.

The BEACH project has now increased to approximately \$30.3 million with a lack of community consultation and awareness. If the requested repurposing of the \$9.5 million Regional Airport Development terminal funding from the State Government is not redirected towards the BEACH as proposed, this will require the City to borrow approximately \$17 million which will come at a significant cost to ratepayers.

The majority of large performing arts centres run at a significant loss. An example being the BREC in Bunbury, which runs at a loss of approximately \$1.5 million per annum and has a far greater catchment area than Busselton. Whilst the estimated attendance figures and costings provided indicated this may not be the case, I am concerned these figures are overinflated, particularly given the uncertainty of our current and future economic climate. To offset this with a \$17 million loan creates a 20-year debt and significant risk to our budget and ratepayers.

OFFICER COMMENT

The development of a Performing Arts and Convention Centre (PAC) has been a long aspired community project that has been included in the City's Strategic Community Plan and Long Term Financial Plan (LTFP) since 2013. The project is one of three pillar projects the City has been progressing since 2010, alongside the Busselton and Dunsborough Foreshores and Busselton Margaret River Airport redevelopments, with the Busselton Entertainment Arts and Creative Hub (BEACH) developed as a key connector between the Foreshore and the Busselton Central Business District (CBD), revitalising the town centre through the increase of people, and importantly dollar spend in local businesses.

In 2019 an Expression of Interest (Eoi) for architectural design services was developed based on a \$21.35m budget. By securing \$10.35m from the Federal Government the City would be required to borrow \$7.5m, with the balance of funds coming from the sale of the old library building (\$2.6m) and in kind contributions / reserve fund transfers.

At Council's request, City officers have been developing a business case to present to the State Government for additional funding, with this business case based on an optimised concept design, described further below. This has incurred costs and considerable staff resources. With a sound business case now ready to present, officers are firmly of the opinion that the project should only

proceed on the basis of the optimised design, and with a budget of \$28.5m-\$30.35m. Otherwise Council risks being criticised of building a substandard facility with known shortfalls from the outset.

Officers understand the intent of this motion would still enable the construction of the BEACH as per the optimised design if funding is achieved through the successful application of the business case, or if the State Government does elect to repurpose airport funds to the BEACH project. Officers also note however Item 18.2, where Councillor Riccelli is additionally seeking that the Council request the Minister for Regional Development and the Minister for Transport to support the repurposing of the airport funds to the Australian Underwater Discovery Centre, as opposed to the BEACH.

With respect to the BEACH design, the original EoI in 2019 incorporated a number of objectives developed through consultation with key stakeholders. Since the engagement of Kerry Hill Architects, significant work has been undertaken by Council's working group (consisting of elected members and staff) to refine the concept. This has included an extensive amount of community consultation with key users (BEACH Community Reference Group), stakeholders and other PACs across Australia. The result has been the development of an optimum design that:

- maximises benefits by investing into the Centre now rather than facing known shortfalls in the future
- addresses the 'lesson learned' from other benchmarked PACs to maximise functionality, ensure operational flexibility, and maximise patronage
- improves capacity and quality of conferencing facilities within the region, meeting a current gap in the market and also complementing private and public investment on the Foreshore and within the CBD
- incorporates the inclusion of the ArtGeo Gallery to a class AA standard, broadening the standard of exhibitions that can be hosted in the region. This was originally identified as potential future project in the 2017 LTFP with a \$2m budget
- incorporates a 'Creative Industries Hub' that will provide infrastructure for the creative industries sector, capitalising on Busselton's identification as a creative industries hotspot and taking advantage of an opportunity to diversify the local economy
- enhances the BEACH as a community asset and broadens the user experience by including a number of different offerings, providing a range of reasons for people to visit multiple times.

The optimised concept design will meet the needs of the community well into the future, while remaining modest and with a significantly lower budget than other recently constructed regional PACs such as the Albany PAC and Karratha PAC, valued at \$70m and \$55m respectively. The designs were advertised in the May edition of the City's Bay to Bay publication to circa 17,000 ratepayers with minimal feedback received.

With a confirmed budget City officers recently undertook a review of the LTFP incorporating a \$28.4m budget for the BEACH (budget excluding \$500k allocated in the 2019/20 budget, \$1.1m creative industries hub and \$350k in-kind). Based on a worst case scenario, should State Government funding not be forthcoming, it was decided, through discussions with Councillors, that a loan of up to \$17m would be modelled over a 20 year term (rather than 10 years). It was felt that this would provide for an intergenerational equity funding mechanism for a facility that would be around for over 50 years.

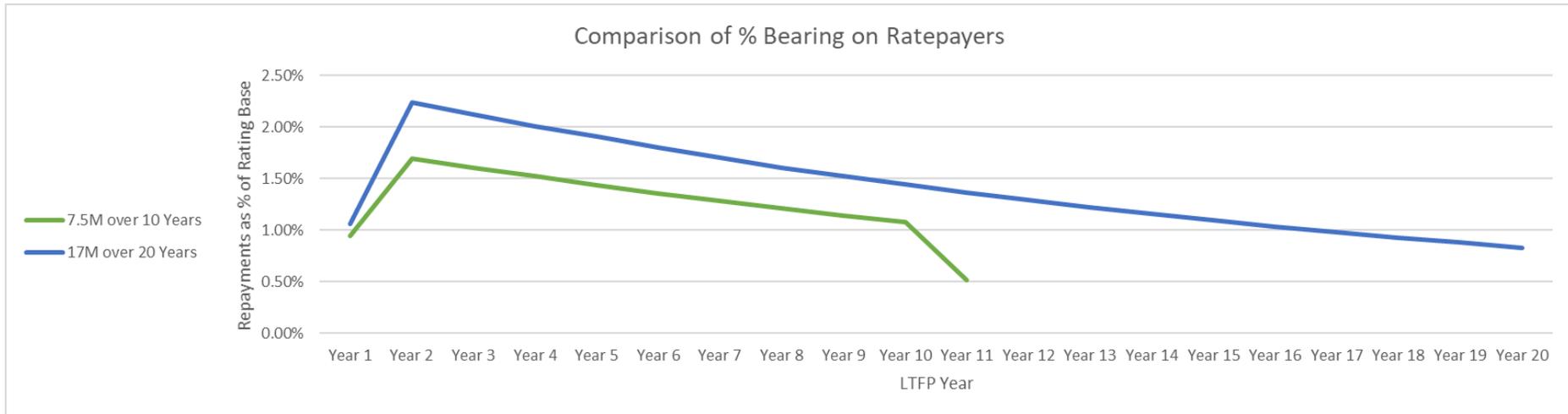
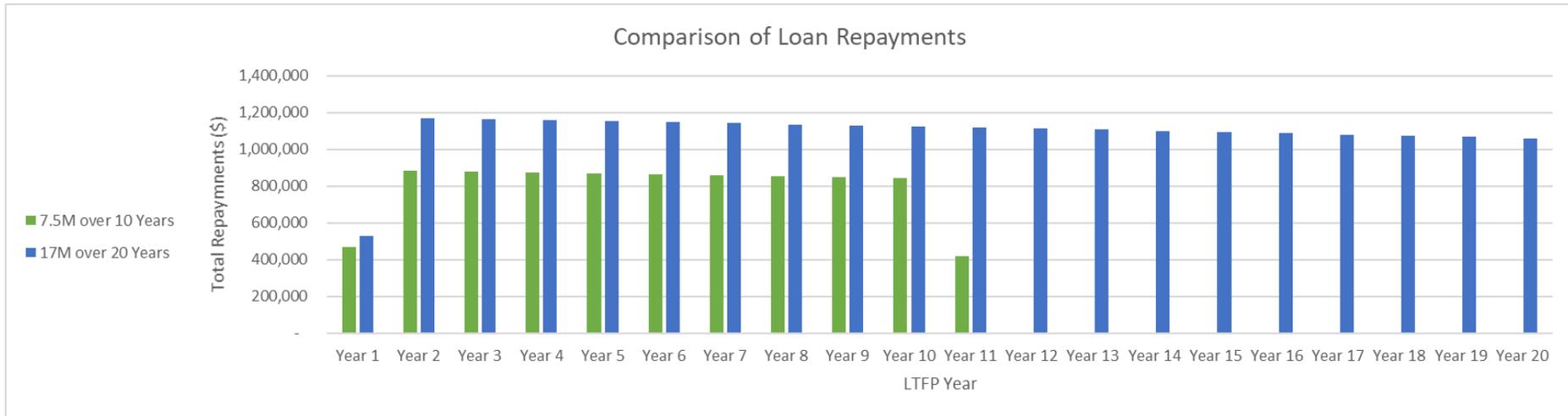
With interest rates falling considerably from 4% to an historic low of 2.2% over the past 24 months, the loan was modelled based on a fixed rate over 20 years. The tables and graphs below illustrate the estimated impact on rates as a percentage to meet the loan principle, interest and fees. The City however has a number of loans that will expire over the life of the LTFP which would lessen this impact on rates. For instance in year 13 / 14 the admin building loan would have been paid off and the interest and principle on this loan could easily substitute for the annual repayments under the 20 year model.

Estimated rates impact of \$7.5M loan over 10 years

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Loan 1												
Remaining Principal	7,500,000	7,162,688	6,476,893	5,775,926	5,059,454	4,327,133	3,578,612	2,813,533	2,031,530	1,232,227	415,244	0
Principal Repaid		337,312	685,796	700,966	716,472	732,321	748,521	765,079	782,003	799,302	816,983	415,244
Interest Paid		82,500	153,828	138,657	123,151	107,302	91,103	74,545	57,620	40,322	22,640	4,568
GG Levy @ 0.7%		50,139	45,338	40,431	35,416	30,290	25,050	19,695	14,221	8,626	2,907	0
Total Payments		469,951	884,962	880,055	875,040	869,913	864,674	859,318	853,844	848,249	842,530	419,812
% of Rates Revenue		0.94%	1.69%	1.60%	1.52%	1.44%	1.36%	1.28%	1.21%	1.14%	1.08%	0.51%

Estimated rates impact of \$17M loan over 20 years

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	
Loan 1																						
Remaining Principal	17,000,000	16,659,369	15,966,826	15,258,962	14,535,440	13,795,913	13,040,027	12,267,420	11,477,722	10,670,555	9,845,533	9,002,260	8,140,334	7,259,341	6,358,859	5,438,458	4,497,696	3,536,124	2,553,281	1,548,697	521,890	
Principal Repaid		340,631	692,544	707,863	723,522	739,527	755,886	772,607	789,698	807,167	825,022	843,273	861,927	880,993	900,482	920,401	940,761	961,572	982,843	1,004,584	1,026,807	
Interest Paid		187,000	362,718	347,398	331,740	315,735	299,375	282,654	265,564	248,095	230,239	211,989	193,335	174,268	154,780	134,860	114,500	93,690	72,419	50,677	28,455	
GG Levy @ 0.7%		-	111,768	106,813	101,748	96,571	91,280	85,872	80,344	74,694	68,919	63,016	56,982	50,815	44,512	38,069	31,484	24,753	17,873	10,841	3,653	
Total Payments		527,631	1,167,029	1,162,074	1,157,010	1,151,833	1,146,542	1,141,134	1,135,606	1,129,955	1,124,180	1,118,277	1,112,244	1,106,077	1,099,774	1,093,331	1,086,745	1,080,014	1,073,135	1,066,102	1,058,915	
% of Rates Revenue		1.06%	2.23%	2.12%	2.01%	1.90%	1.80%	1.70%	1.61%	1.52%	1.44%	1.36%	1.29%	1.22%	1.16%	1.10%	1.04%	0.98%	0.93%	0.88%	0.83%	



With these inputs, officers have shown that the City is able to facilitate the loan in the event that State Government funding is not received and loan funds are approved by the Western Australian Treasury Corporation.

It is widely known and accepted that Performing Arts Centres (PACs) operate at a cost. This deficit is offset by the social benefits and the economic output PACs have on the local community. Similarly, facilities such as the Geographe Leisure Centre, Naturaliste Community Centre, ArtGeo Gallery, libraries and foreshores are provided at a financial cost for the recreational and social benefit they return to the community.

The City has not invested significantly into the arts and cultural sector for decades. The arts and cultural sector has also been hit hard by the COVID-19 pandemic and restrictions. Investment into the BEACH will not only assist in getting the industry back on its feet, it will also provide a much needed injection into the local construction industry, creating ongoing employment opportunities, and increasing spend within the Busselton CBD. A distinguishable point of difference from nearby PACs is the inclusion of a class AA standard art gallery capable of hosting national touring exhibitions, and conference facilities capable of hosting business events of up to 400 people (seated banquet style) which will also see an economic return to the community.

Through the COVID-19 pandemic it has become particularly evident how vulnerable the City's economy is without a significant industry base, and that there is an urgent need to identify and capitalise on industry diversification opportunities. With an opportunity to enhance funding secured by the Federal Government and low interest rates, now is an opportune time to build a facility for the future instead of building a facility that will have known shortfalls and not meet the needs and expectations of the community.

Should Council support this notice of motion and not receive any additional State Government funding, there will need to be a significant reduction in the current design scope to bring it back to \$21.35m, noting that the Federal Government funding agreement has conditions attached to it that the City must meet. Due to the interdependencies of individual scope items, single design elements cannot be removed (with the exception of the creative industries hub valued at \$1.1m). This would therefore require Council to revert to the original design scope resulting in the following:

- reduction in overall floor area
- reduction from 400 to 250 people (seated banquet style) conference facility and relocated to level 1
- reduction of 650 to 600 seat auditorium with straight seating (not curved)
- removal of the cable net over auditorium
- removal of deck and balcony
- art gallery remaining in the ArtGeo building
- removal of the creative industries hub
- no integration with the Weld Theatre

Officers are of the strong opinion that the City should plan and build for the future, in line with the approach it has adopted with all major projects over the past 10 years. In fact, officers are of the opinion that it would be better not to proceed with the project if the full scope of works are not able to be delivered. The request to repurpose the airport funding to this project will allow the City to do this without additional further impact on ratepayers (above a \$7.5m loan), the very thing we understand Councillor Riccelli is also trying to achieve.

18.2 MOTION FOR REPURPOSING OF REGIONAL AIRPORT DEVELOPMENT FUNDING

Councillor Sue Riccelli has given notice that at the Council meeting on 24 June 2020, she will move the below motion:

MOTION

That the Council contact the Minister for Regional Development and the Minister for Transport to support the repurposing of the \$9.5 million Regional Airport Development terminal funding for economic stimulus projects within the City of Busselton, with primary allocation to the Australian Underwater Discovery Centre and secondary funding to the BEACH project.

REASONS

Whilst both the BEACH and Australian Underwater Discovery Centre (AUDC) will create jobs and stimulate the economy, the AUDC deserves primary funding for the following reasons:

- The Busselton Jetty / AUDC was recently awarded Top Tourist Attraction in West Australia (and third best attraction in Australia). The Busselton Jetty is the longest timber-piled tourist jetty in the southern hemisphere. Busselton Jetty attracts over 500,000 visitors annually, making it the second most visited tourist attraction in the State. It was determined that a new underwater observatory would overcome the significant limitations of the existing underwater observatory and meet increasing visitor demand.
- The AUDC project aligns with the “State Government Strategy for Tourism in WA 2020” (and has already been supported by Minister Paul Papalia) including:
 - Grow tourism value by increasing desirability of the South West / West Australia as a travel destination, so people visit, stay longer and spend more;
 - Develop economic infrastructure that stimulates regional visitation and Australian global tourism competitiveness;
 - Create a product that will extend the tourism season;
 - Create a unique marine-based experience that will be known worldwide;
 - Develop a tourism experience that resonates with the State’s key target markets – China, Malaysia, Singapore and the UK;
 - Leverage opportunities from potential visitor streams from Busselton Airport redevelopment and other tourism markets;
 - Support new job creation in regional communities in Western Australia; and
 - Promote natural environment conservation and education through immersive/sensory interpretation and curriculum based programs.

Employment opportunities will be generated by both the AUDC and BEACH, however and economic assessment of employment for the City of Busselton is as follows:

BEACH:

- City of Busselton - 17.2 FTE
- South West – 17.5 FTE
- Western Australia – 19.2 FTE

AUDC:

- City of Busselton - 48 FTE
- South West 46 FTE
- Western Australia – 24 FTW

Contributions to GRP (operating phase – first full year, direct and indirect) as follows:

- BEACH City of Busselton \$0.7 million
- AUDC City of Busselton \$4.72 million

Competition impact (on other private businesses):

BEACH will compete directly with the Geographe Bayview Resort (350 seats), new Hilton Hotel (150 seats), Abbey Beach and Pullman Resorts. AUDC will be unique and renowned as a worldwide attraction. The AUDC is an economic enabling infrastructure bringing new wealth into the economy. The BEACH, from an economic perspective, is a redistribution of wealth (new money does not enter the economy). Interstate and international visitors may utilise the BEACH, but it is not what actually enticed them to the region.

OFFICER COMMENT

The City's Strategic Community Plan establishes the community's vision, aspirations and expectations for the District. It also drives the development of other key plans and priorities including the City's three pillar projects; Busselton Margaret River Airport, Busselton/Dunsborough Foreshore redevelopments, and the construction of a Performing Arts and Convention Centre (PAC).

The Busselton Margaret River Airport and development of a new terminal building remains the City priority and, ideally the City would like to see the \$9.5m Regional Airport Development funding used for this purpose. However, noting that the State Government has made it clear that it will not release the funding until demand for the new airport terminal warrants it, and accepting the need for economic stimulus projects as a result of the COVID-19 pandemic, the City has proposed that the funds be repurposed to the construction of a PAC – being the Busselton Entertainment Arts and Creative Hub (BEACH).

Historically pillar projects such as a PAC have been developed through tri-government funding partnerships. It is important that the City meets community expectations by completing priority projects, and as such State Government funding should continue to be sought for the BEACH, as requested by Council following the development of recent concept designs based on a \$30.3m budget, which includes the Creative Industries Hub.

Since 2010 the City and State and Federal Government have invested circa \$70m into the Busselton Foreshore, including the refurbishment of the Jetty. The Foreshore is now recognised as a tourist destination in its own right, and provides an injection of visitor numbers to the Jetty. A PAC, as per the optimum design and with the inclusion of conference facilities, will again increase visitor numbers to the Jetty through the attraction of both tourists and business events.

The current BEACH designs provide the capacity to host large scale business events for up to 400 people (seated banquet style). This will help to fill a current gap in the events market within the District, with the current largest facility being approximately 300 seats and located some distance from any town centre. This results in local businesses not being able to maximise the benefits of visiting tourists, and also inhibits our ability to attract large scale conferences that are generally held in Perth. While the Geographe Bayview Resort was issued a Development Approval in August 2017 for a 350 seat conference facility, it is unknown whether the development will proceed.

Recently Development Approval was issued for a 4.5 star Hilton Garden Inn hotel development on the Busselton Foreshore. The designs and business model for this hotel development were based on a nearby PAC having the ability to host large scale business events. The developers of the hotel have recently confirmed their understanding that conference facilities were to be included in any PAC:

'Understanding that the conferencing facilities were to be included in the Beach complex was one of the factors that informed our investment decision to proceed with Hilton project down at the foreshore. Conferencing facilities that are close to hotels are great generators of room

revenue. They enhance the existing business travel market and also have a positive impact on broader tourism market.

We would be disappointed if the City decides to go down this path as we would view this as a significant deviation from what we had been led to believe. I would urge you to reconsider this proposed deviation from your original vision.'

Officers cannot qualify economic data included in the notice of motion as it does not reflect information officers have to hand. Council was recently briefed on the economic benefits of the BEACH. With the BEACH business case currently in its final stages, latest economic data estimates the following benefits for the City of Busselton (local area):

Construction

Jobs (FTE): 120 (41 direct, 79 indirect)
Gross Value Add: \$19.2m (\$6.6m direct, \$12.7m indirect)

Operational

Jobs (FTE): 20.3 (18 direct, 2.3 indirect)
Gross Value Add: \$1.2m (\$0.8m direct, \$1.2m indirect).

In comparison it is estimated the AUDC will result in the following benefits, based on the Feasibility Assessment developed by Lucid Economics in 2019 and provided by Busselton Jetty Inc. (BJI) in May 2020:

Construction

Jobs (FTEs): 47 (16 direct, 30 indirect)
Gross Value Add: \$8.26m (\$3.1m direct, \$5.15m indirect)

Operational

Jobs (FTE): 52 (37 direct, 14 indirect)
Gross Value Add: \$5.1m (\$2.6m direct, \$2.5m indirect).

The above AUDC projections are based on a \$30.6m design and construction budget, excluding interpretive elements. Projections are also based on the development including the 'Village' (food, beverage and interpretive offerings), AUDC (underwater interpretive centre), the repurposing of the UWO and a second train operating.

At a Busselton Jetty Reference Group meeting held 12 June 2020, Busselton Jetty Inc. (BJI) informed the City that regardless of State Government funding being secured, it was likely that the project will be delivered with a \$26m budget and that, should State funding be forthcoming, BJI will likely reduce the budget by not drawing on a City self-supporting loan of \$4m. Further, the future of the Village remains uncertain with BJI indicating it may not be incorporated into the development as originally intended (reduced scale) and that it is unknown when the second train will be acquired. Based on these factors there is still uncertainty surrounding the AUDC construction and operational economic projections.

The construction of the BEACH is seen as a strong economic stimulus initiative, with local construction trades and the arts and cultural sectors the immediate beneficiaries. It should be noted that Council has already indicated its support for the City to approach the State Government to repurpose the \$9.5m allocated for the Busselton Margaret River Airport terminal to the BEACH project. This was on the basis that it would capitalise on the \$10.35m in Federal Government funding, would reduce the additional loan funding required to undertake the project, would provide stimulus to the economy, and ultimately facilitates the completion of a long aspired community

project; a project that, along with the development of the foreshores and the airport, will provide long term benefits to the district.

Officers therefore do not support this notice of motion on the basis that additional State Government funding would assist in reducing loan borrowings and the impact on ratepayers for a project that the City has consistently, over the last 10 years, made a commitment to.