

## 10.5.4 Recreation and Aquatic Facility Business Plan and Progress Update

Location:	Collier Park Golf Course
Ward:	Moresby Ward
Applicant:	Not Applicable
File Ref:	D-21-12356
Meeting Date:	23 February 2021
Author(s):	Jac Scott, Manager Business & Construction
Reporting Officer(s):	Mark Taylor, Director Infrastructure Services
Strategic Direction:	Community: A diverse, connected, safe and engaged community
Council Strategy:	1.2 Community Infrastructure

### Summary

This report provides a summary of submissions received in response to the Recreation and Aquatic Facility (RAF) Business Plan, which was advertised in accordance with Section 3.59 of the *Local Government Act 1995*.

The report recommends that Council approve the Business Plan. Approval enables the City to sign the \$20 million funding agreement with the Federal Government and progress discussions with the State Government regarding their potential investment in the project.

In addition, the report provides an update on discussions regarding additional funding sources for the project and a progress report on the industry and financial review of the RAF Operational Feasibility Report and Project Definition Plan (Business Case).

### Officer and Committee Recommendation

**Moved:** Councillor Mary Choy  
**Seconded:** Councillor Samantha Bradder

The Property Committee recommends that Council:

1. Considers the 49 submissions **Attachment (a)** received in response to the advertised Recreation and Aquatic Facility Business Plan;
2. Approves the Recreation and Aquatic Facility Business Plan in **Attachment (c)**;
3. Authorises the Chief Executive Officer to sign the \$20 million project funding agreement with the Federal Government, in accordance with the requirements of that contract;
4. Notes that the Federal Government grant funds will be placed in the Major Community Facilities Reserve, with approval to use the funds to be considered at a budget adjustment or annual budget adoption; and
5. Notes the progress made to seek additional funding for the project and the financial and industry review of the Operational Feasibility Report and Project Definition Plan (Business Case).

0221/023

**COUNCIL DECISION****Moved:** Councillor Ken Manolas**Seconded:** Councillor André Brender-A-Brandis

That the item Recreation and Aquatic Facility Business Plan and Progress Update be deferred until Council receives the report from Deloitte in conjunction with Warren Green Consulting for the independent financial review of the Operational and Feasibility Business Case so that Council has time to consider

**CARRIED (6/3)****For:** Councillors André Brender-A-Brandis, Samantha Bradder, Mary Choy, Blake D'Souza, Ken Manolas, Stephen Russell.**Against:** Mayor Greg Milner and Carl Celedin, Glenn Cridland.**Background**

At its meeting held 24 November 2020, Council considered a report documenting progress made in developing the Recreation and Aquatic Facility (RAF) project since its previous (September 2019) resolution. This included the Project Definition Plan and Operational Feasibility Report as well as the outcomes from community and stakeholder consultation.

In response to the report, Council resolved as follows:

*That Council:*

1. *Notes the "Stakeholder and Community Engagement for the Proposed Recreation and Aquatic Facility (RAF) Report" in **Attachment (a)** that informs the Business Case;*
2. *Endorses the Business Case for the Recreation and Aquatic Facility (RAF) consisting of:*
  - *the Project Definition Plan in **Confidential Attachment (b)** and*
  - *the Operational Feasibility Report in **Confidential Attachment (c)**,*

*while noting that the Business Case relies on assumptions, including:*

  - 1) *a total funding package of \$80 million;*
  - 2) *the projected financial self-sustainability of the RAF,*

*and recognising that the Business Case would need to be amended for Council consideration, should either of these assumptions change;*
3. *Agrees to match the Federal Funding commitment with a \$20million capital expenditure commitment towards the development of the RAF, noting the required additional funding is being sought from various agencies, including the State Government;*
4. *Requests the Chief Executive Officer to pursue additional funding from the State Government and other project partners in order to deliver the RAF.*
5. *In accordance with section 3.59 of the Local Government Act 1995:*

- *gives state-wide public notice of the RAF Section 3.59 Business Plan in **Attachment (d)**; and*
  - *notes that following the state-wide public notice period, a report considering submissions (and including an update on the progress of securing additional funding commitments from the State Government and other project partners) will be presented to the February 2021 meeting of Council, where it may be determined to proceed with implementing the Business Plan.*
6. *Requests the Chief Executive Officer to engage further suitable independent and relevant industry and financial experts to review the Business Case with respect to financial modelling, key operating assumptions, operating cashflows and usage projections as further due diligence and these be reported to Council.*

### Comment

In response to Points 5 and 6 of the November 2020 Council resolution, the following work has been undertaken:

1. Section 3.59 Business Plan

The RAF 'Business Plan' is a State Government requirement under the *Local Government Act 1995* (Act). Section 3.59 of the Act and Regulations 8 and 8A of the Local Government (Functions and General) Regulations 1996 (Regulations); require the City to prepare a Business Plan before it considers entering into a major land transaction and/or major trading undertaking.

The process associated with the 'Business Plan' is separate from the 'Business Case' approved by Council in November 2020. For example, the Operational Feasibility Report and Project Definition Plan are not required for the Business Plan.

The RAF Business Plan **Attachment (c)** was formally advertised in accordance with Section 3.59 of the Act. The Business Plan was advertised in the West Australian on 27 November 2020 and in the Community News Southern Gazette on 3 December 2020. It was also available on the City's website and hard copies were available from the Civic Centre and Libraries during business hours. Submissions opened on 27 November 2020 and closed on 22 January 2021.

Forty-nine submissions were received by the due date. Of these, 29 were in favour, 16 were not in favour and four did not clearly state a preference. The number of submissions indicates the level of community interest in the project.

Around 60% of the submissions were supportive of the RAF, consistent with the results from the stakeholder engagement process held in 2020. The common refrain was that the RAF would be an 'asset to South Perth' and is 'long overdue'. Submitters also noted the community benefits associated with RAF including bringing the community together, encouraging social interaction and increased physical activity as well as the importance of having a 'meeting place' for the community built around physical activity.

Around 30% submissions received did not support the RAF, citing concerns about potential rate increases, the location and loss of amenity and/or access to the golf course.

The complete list of submissions and officer comments is attached to this report **Attachments (a) and (b)**. A table has been provided below, which summarises the key themes, comments and concerns raised by the submissions and officer responses.

Key Themes	Officer Response
<b>Community support</b>	
Widespread community support, including statements such as: <ul style="list-style-type: none"> <li>• great asset</li> <li>• well overdue</li> <li>• would pay for memberships in advance to raise funds</li> <li>• 'let's catch up with the rest and remain the best place to live in Perth'</li> </ul>	Noted
Community building – a number of submissions noted how the RAF could help build and strengthen the South Perth community by providing a central meeting place.	Noted.
<b>Financial viability</b>	
Reliability of the Operational Feasibility Report	This is the subject of a current review by financial consultants Deloitte, in conjunction with industry expert Warren Green Consulting. Council will be provided with the outcomes.
Ongoing affordability for ratepayers.	The Operational Feasibility Report demonstrates the facility will be financially self-sustaining. This includes covering operations, maintenance and replacement costs. The facility is expected to provide a contribution to the municipal fund over and above the ongoing maintenance.  The proposal provides a net saving over the current financial demands for the overdue renewal of the existing facilities.

Concerns about the viability of leisure centres in other local government areas (Vic Park, Canning) and the potential usage by Curtin University students.	The Operational Feasibility Report demonstrates the facility will be financially self-sustaining. Discussions with Curtin University, as a project partner, indicate that additional gym capacity is required.
Lack of detail about 'Joint Venture' partners.	There are no Joint Venture partners for this project.
Concern over the Funding Shortfall	The City continues to work on funding for the project and is progressing well towards the target. Confirmation of sufficient funding is the next target for the project to progress.  The City has received a formal letter from Curtin university confirming a capital contribution together with the potential for ongoing operational support.
<b>Golf</b>	
Reduction in number of holes.	The facility will retain 27 holes at Collier Park Golf Course albeit with one nine having a reduced length (par 31).  The remodelled Lake Nine is expected to appeal to developing, younger and older golfers, as it will prioritise skill over power. It will also provide an alternative for golfers with time constraints, or during extreme weather when a less strenuous option may be preferable.
Reduced access to Collier Park Golf Course (already considered to be limited).	The 27-hole golf course is maintained, but with a remodelled Lake Nine, proposed as a par 31 course.  The high usage currently experienced is primarily related to COVID-19 and is expected to decline as competing activities re-emerge.
<b>Environmental and Design</b>	
Destruction of pine trees.	The project does not affect the area of heritage pine trees that are almost entirely located on the Pines and Island Nine courses.

Inclusive design principles, including access for people with a disability and beyond, which is stated in the relevant codes and innovative solutions for those with sensory, needs.	This will be addressed in the detailed design of the facility - the current phase is operational feasibility
Input from local Indigenous groups on design.	There has been early consultation with local Indigenous groups and this will continue as design continues.
Width of swimming lanes – international standard.	The swimming pool design will reflect international standards.
<b>Inclusions in the RAF</b>	
Hydrotherapy pool for specific use (rehabilitation only).	The current project definition plan includes for warm water hydrotherapy. Access and hygiene requirements will be considered in future definition and operational planning stages.
Steam room and spa.	Noted.
Reduced pricing for seniors, students and other groups to facilitate access.	Pricing has not yet been determined; however, concession pricing is common practice in City facilities.
Strength for Life Program – a strength-training program for seniors.	Noted.
<b>Location</b>	
Other sites such as George Burnett Leisure Centre or the old library on Manning Road were proposed.	The site was selected as the preferred location after an in depth study identified it as the most appropriate and financially viable location. Full details are available in the September 2019 Council report.

During the advertising period, a small error was identified in the Business Plan where Collier Park Golf Course was referred to as Collier Park Golf Club. This did not affect the consultation process and has been corrected in the amended version presented to Council.

## 2. Project Funding Update

- Federal Government

The Federal Government has committed \$20m to the RAF project, however the grant funding agreement has not been signed by the City.

This action requires the approval of Council and is a recommendation of this report. The Federal Government has stipulated that successful execution of the funding agreement is conditional on the City approving the RAF Business Plan.

- State Government

The City, together with its project partners, has been actively lobbying the State Government, the State Opposition and other potential funding partners since April 2020.

Recently, the City has held meetings with representatives from the offices of the Premier, the Minister for Transport; Planning, the Minister for Health, the Minister for Sport and Recreation and the Department of Local Government, Sport and Communities.

The RAF has been well received and the response has been positive. The Premier's office has sought additional information regarding the Community House and community sporting facilities aspects of the RAF. A response has been provided to the Premier's office.

In addition, the Premier's office has clearly advised that the State Government expects the Council to approve the Business Plan before it gives further consideration to the project. The Premier's office has recommended the City organise a follow up meeting in February as soon as the Business Plan is approved.

- State Opposition

Given the electoral context, the City has briefed the State Opposition on the RAF. The briefing was well received and the Opposition will give consideration to the project as part of their election commitments.

- Curtin University

The City has received a letter from Curtin University detailing their capital contribution to the project. This details a contribution of \$2-3million in capital funding together with the potential for ongoing operational support. Council should note that the Operational Feasibility Report assumed no rent in return for a larger capital contribution. Operational assumptions will be modified accordingly as the project progresses.

- Naming and Access Rights

The City is also developing a proposal for consideration by potential commercial partners regarding naming rights opportunities and other potential commercial sector capital and operational funding contributions.

### 3. Financial and Industry Review of the Business Case

The City has engaged financial consultants Deloitte, in conjunction with industry expert Warren Green Consulting (WGC) to undertake a further independent financial and industry review of the RAF Operational Feasibility Report and Project Definition Plan (Business Case), as resolved by Council at the November 2020 meeting. Deloitte and WGC are widely regarded for their expertise and independence and were selected, as they are both considered industry leaders.

Work on the review commenced on 18 January 2021 and the report is scheduled to be completed in late February.

A Councillor Concept Briefing has been scheduled to be held Monday 22 February 2021 to provide an overview of the findings of the report prior to the 23 February 2021 Ordinary Council Meeting. Councillors will have the opportunity to ask questions of the review team.

### Conclusion

The City has undertaken considerable work on the RAF and the project is well advanced. Community support for the RAF remains strong.

Approval of the Business Plan will allow the City to formally accept the \$20m grant from the Federal Government and progress discussions with the State Government and other potential commercial partners regarding additional investment for the project.

Formal acceptance of the Federal Government grant and more active discussions with the State Government is integral to the project proceeding in a timely manner. However, approval of the Business Plan does not bind the Council to any future action. The RAF will only proceed when Council resolves to approve the final RAF project budget and scope.

If Council resolves not to approve the Business Plan, the City will be unable to progress the project, thus relinquishing the \$20m Federal Government grant and incurring the significant reputational damage this would bring.

The City remains confident of the financial viability of the RAF and the additional detailed analysis undertaken by officers and independent industry experts further confirms this. Feedback on the Business Plan once again demonstrates the strong community support for the project.

It is recommended that Council approve the RAF Business Plan in **Attachment (c)**.

### Consultation

State wide public consultation was undertaken in accordance with Section 3.59 of the Act, commencing on 27 November 2020 and closing on 22 January 2021.

The RAF Business Plan was advertised in the West Australian on 27 November and in the Community Southern Gazette on 3 December 2020. The Business Plan was also available on the City's website. The opportunity to provide feedback was provided through either [Your Say South Perth](#) or via email to [enquiries@southperth.wa.gov.au](mailto:enquiries@southperth.wa.gov.au). In addition, hard copies of the Business Plan were available to view during business hours at the Civic Centre and City libraries.

### Policy and Legislative Implications

Section 3.59 of the Act and Regulations 8 and 8A of the Regulations, require the City to prepare a Business Plan before it considers entering into a major land transaction and/or major trading undertaking.

The City has received legal advice that signing of the Federal Grant Agreement and acceptance of payments would constitute "entering in a major land transaction".



### Financial Implications

Council approval of the Business Plan enables the City to make further formal approaches to the State Government and other potential funding partners regarding investment in the project. In addition, the City will be able to sign the \$20m funding agreement with Federal Government and draw down on the first payment instalment of \$5.5m. The Federal Government is expecting confirmation of the Business Plan to allow grant signing by 1 March 2021.

### Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2020-2030](#):

Strategic Direction:	Community
Aspiration:	A diverse, connected, safe and engaged community
Outcome:	Community Infrastructure
Strategy:	Plan for and promote the development of recreation and aquatic facilities to service City of South Perth needs

### Attachments

- 10.5.4 (a): Business Plan Comments
- 10.5.4 (b): Detailed Business Plan Comments
- 10.5.4 (c): Recreation and Aquatic Facility Business Plan