

# **BUSINESS PLAN FOR MAJOR LAND TRANSACTION - VERSION TWO**

## **DRAFT FOR PUBLIC COMMENT**

### **KINGSFORD SMITH BUSINESS PARK – STAGE 2B**

PROPOSAL FOR SUBDIVISION AND SALE

August 2024

Submissions close 3.00pm 18 October 2024

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## **NOTE**

This business plan (version 2) replaces the earlier Business Plan for a Major Land Transaction adopted by the Council of the Town of Port Hedland at the 29 November Ordinary Council Meeting.

Following adoption, further engineering investigations resulted in changes to the expected financial impact on the Town. As such, the *Local Government Act 1995* per section 3.59 (6) requires the Business Plan for Major Land Transaction to be readvised in accordance with section 3.59 (4).

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## **INTRODUCTION**

The following Business Plan has been prepared to satisfy the requirements of Section 3.59 of the *Local Government Act 1995* and associated legislation.

The Town proposes to undertake a Major Land Transaction comprising of an eight-lot subdivision along Altitude Drive, Port Hedland. The subdivision represents Stage 2 of the Kingsford Smith Business Park. The land is proposed to be subdivided into 8 lots. The land is owned in freehold by the Town. Upon completion of the subdivision, the lots will be sold for market value.

The business plan is designed to allow members of the community the opportunity to consider this proposal and provide comment, prior to Council making a decision to proceed with the project. Submissions received during the public consultation period will be considered by Council prior to any decision.

## **BACKGROUND**

### **HISTORY**

Strategically located on Wallwork Road between Port Hedland and South Hedland, Kingsford Smith Business Park supports a fully serviced, easily accessible bulk goods and light industrial precinct.

The Town of Port Hedland completed development of Stage 1 of Kingsford Smith Business Park in 2015. Since then, there has been interest from small and medium-sized businesses to operate out of Kingsford Smith to accommodate the service industry and bulky goods uses. All 36 lots developed as part of Stage 1 lots have been purchased as of 2022. Many of the Stage 1 lots remain undeveloped due to investor land banking or business plans being put on hold as a consequence of changed market conditions in Port Hedland and broader macroeconomic trends.

### **DESCRIPTION OF THE PROPOSED TRANSACTION**

The Town is proposing the development of Kingsford Smith Business Park Stage 2 (Stage 2) to ensure adequate supply of light industrial land is available to cater to market demand. Stage 2 comprises of:

- Stage 2A
  - Consolidation of Titles of P404823/410 (Lot 410) and P404823/411 (Lot 411) and part of P404823/9006 (Lot 9006) into a single lot - Lot 801.
- Stage 2B
  - Subdivision of part of Lot 9006 and part of P404824/9008 (lot 9008) into:
    - Lot 802
    - Lot 803
    - Lot 804
    - Lot 805
    - Lot 806
    - Lot 807
    - Lot 808

The Western Australian Planning Commission approval for Freehold (Green Title) Subdivision of Lot 410, 411, 9006, 9008 Altitude Avenue, Port Hedland was granted on 14 November 2022.

The approved subdivision plan comprises of a total of eight lots. The subdivision plan is available at Appendix 1 and is detailed in Table 1.

Table 1 – Stage 2 proposed lot sizes

General description of the land	Lot area
Lot 801	9448m <sup>2</sup>
Lot 802	1927m <sup>2</sup>
Lot 803	1936m <sup>2</sup>
Lot 804	2817m <sup>2</sup>
Lot 805	2829m <sup>2</sup>
Lot 806	2840m <sup>2</sup>
Lot 807	3833m <sup>2</sup>
Lot 808	3782m <sup>2</sup>

This business plan has been prepared to dispose of Lots 802 through to 808 in fee simple. The disposal of Lot 801 is treated as a separate project and as such is not included as part of this business plan for the purposes of defining the major land transaction.

The proposed lots will be provided with standard services including power, water and communications (NBN). Kingsford Smith Business Park is not connected to the Water Corporation's reticulated sewerage system, as such it will be the responsibility of the new landholder to install an onsite effluent disposal system in compliance with the Health (Treatment of Sewage and Disposal of Effluent and Liquid Waste) Regulations 1974. The civil construction of the lots has been completed which includes roads, footpaths, curbing, drainage, and asphalt works.

## ZONING

Under the Town of Port Hedland Local Planning Scheme No.7 – Omnibus Scheme Amendment 1, Kingsford Smith Business Park is zoned Special Use 2 (SU2), Permitted uses under SU2 include:

- Brewery
- Bulky goods showroom
- Civic use
- Educational establishment
- Fast food outlet/lunch bar
- Funeral parlour
- Light industry
- Motor vehicle repair
- Motor vehicle, boat or caravan sales
- Office
- Recreation – private
- Restaurant/café
- Service station
- Trade display
- Trade supplies
- Workforce accommodation
- Warehouse/storage

## NATIVE TITLE

Native Title has been extinguished.

## CONTAMINATION

None of the lots are listed as contaminated under the *Contaminated Sites Act 2004*, however, the lots are situated in close proximity to contaminated land. Developers may be required to investigate and

if required, undertake their development aligned with established contamination mitigation strategies.

Figure 1 identifies Kingsford Smith Business Park Stage 2A and Stage 2B.

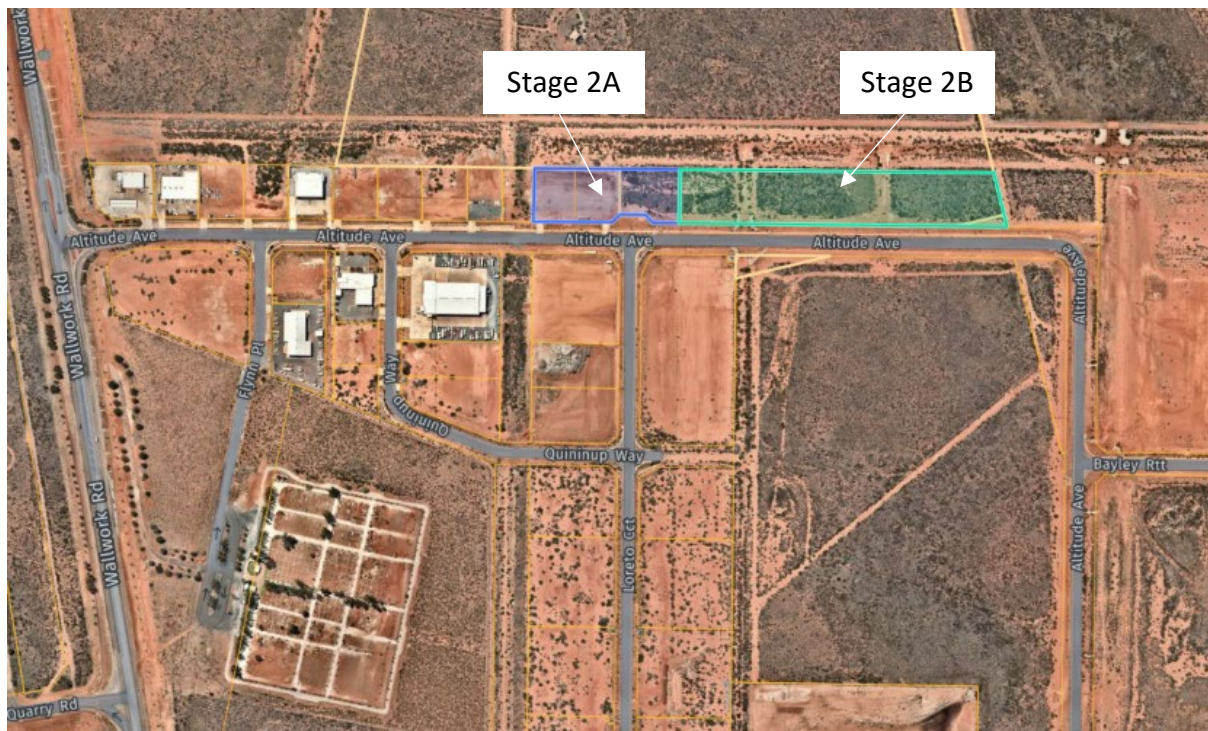


Figure 1 – Stage 2 site map

## SALE PROCESS

The Town is required to comply with Section 3.58 of the *Local Government Act 1995*. Under subsection (2), a local government is required to dispose property to:

- a) the highest bidder at public auction; or
- b) the person who at public tender called by the local government makes what is, in the opinion of the local government, the most acceptable tender, whether or not it is the highest tender.

Alternatively, under subsection (3) the local government can dispose of property by

- a) giving local public notice of the proposed disposition:
  - i) describing the property concerned; and
  - ii) giving details of the proposed disposition; and
  - iii) inviting submission to be made to the local government before a date to be specified in the notice, being a date not less than 2 weeks after the notice is first given.

and

- b) considering any submissions made before the date specified in the notice.

The Town will dispose of the lots in accordance to Section 3.58(3) and will procure professional realtor services to assist with the marketing and sale of the lots.

## LOCAL GOVERNMENT ACT COMPLIANCE

Before undertaking a Major Land Transaction, the Town of Port Hedland under Section 3.59 of the *Local Government Act 1995* is to prepare a business plan.

The business plan is required to include an overall assessment of the major land transaction and is to include details of:

- a) its expected effect on the provision of facilities and services by the local government; and
- b) its expected effect on other persons providing facilities and services in the district; and
- c) its expected financial effect on the local government; and
- d) its expected effect on matters referred to in the local government’s current plan prepared under section 5.56; and
- e) the ability of the local government to manage the undertaking or the performance of the transaction; and
- f) any other matter prescribed for the purposes of this subsection.

This business plan complies with these requirements.

### **EXPECTED EFFECT ON FACILITIES AND SERVICES PROVIDED BY THE TOWN**

The development of Stage 2 will allow the Town to capitalise on its current landholdings and will encourage development and diversification of the regional economy by allowing businesses to establish or expand their operations in Port Hedland.

The proposal is expected to have a minimal effect on the provision of facilities and services by the Town of Port Hedland. The Town will be required to monitor and manage the consultants engaged to facilitate the clearance of the subdivision and the sales process. This is considered business as usual for the Town given the range and scale of capital works projects that the Town commissions, manages and monitors on a regular basis.

### **MUNICIPAL SERVICES**

The Town of Port Hedland plans for the growth of suburbs across its jurisdiction. The proposed subdivision is not expected to significantly impact waste services, environmental health or other municipal services provided by the Town. There is no significant expected impact on road or traffic conditions.

### **EXPECTED EFFECT ON PERSONS PROVIDING FACILITIES AND SERVICES IN PORT HEDLAND**

The proposal is not expected to negatively impact on persons providing facilities and services within the Town of Port Hedland.

### **COMPETITION**

Stage 2 is not expected to compete with Development WA’s Hedland Junction development in Wedgefield due to size and zoning of the lots catering to different types of developments. The recently updated Hedland Junction Structure Plan caters for a range of General Industry zones, accommodating logistics industries and heavy vehicles, whereas Kingsford Smith caters for light industrial, warehousing and service commercial land uses. Table 2 outlines the differences between the two precincts.

*Table 2 – Competition analysis*

Metric	Hedland Junction Stage 3	Stage 2B
Average lot size	20,124m <sup>2</sup>	2,852m <sup>2</sup>
Zoning	Industrial development	Special Use 2
Distance from Port Hedland	7.1km	8.1km



Distance from South Hedland	4.3km	4.1km
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## COMMUNITY AND ECONOMIC BENEFITS

It is expected that Stage 2 will deliver a direct positive impact for the local community and businesses within two years by facilitating private investment, the creation of employment, diversification of the local economy and business attraction, a greater level of amenity for local residents, and more robust supply chains for businesses operating in the region.

The special conditions requiring development within two years of purchase is intended to attract investors with immediate intentions to develop the lots and begin trading within the park.

## EXPECTED FINANCIAL IMPACT ON THE TOWN

### EXPECTED NET INCOME

The Town has undertaken internal financial modelling to understand the expected net financial effect on Council finances. It is expected the Town will generate net income within the range of -\$344,717.55 and \$1,816,792.40 over a twenty-year period.

The expected income range considers:

- The accessed costs of the works to be undertaken to prepare the land for subdivision. This includes:
  - Construction costs including preliminaries, earthworks and siteworks, drainage batter stabilisation, underground power, communications, and contingencies.
  - Development fees and charges, including contingencies.
- Cost of disposal of the lots, such as sales commission.
- Variability of market valuations undertaken in July 2023 and February 2024 by licenced land valuers.
- Potential variability of rates levied following the transfer of title from the Town to the purchaser.

The net income expected to be generated by the Town from this proposal may vary depending on the following factors:

- **Market conditions** – The Town is proposing to undertake this development as it has been assessed that there is sufficient market demand for the proposed land parcels to sell quickly. If market conditions change or assumptions regarding market demand turn out to be incorrect, the income generated will be less than expected due to delayed sales of the land parcels.
- **Buy-back clause** – The Town intends to include a special condition as part of the conditions of sale requiring the purchaser to develop the site within two years of purchase. Should development not occur within two years, the Town reserves the option for the Town to repurchase the site at its purchase price or current market value. If the Town were to choose to enact this condition, a budget variation would require approval by Council to allocate fund for the repurchase. The Town would seek to resell the repurchased the lot soon after settlement. The impact on the expected income would depend on the timeframe in which the lot could be resold and whether the land is sold for higher or lower than originally valued.
- **Rates levied** – Rates revenue has been modelled over the twenty-year period with four percent escalation per annum. The Gross Rental Value (GVR) is dependent on the type of development ultimately constructed on the lots, thus rates levied may be more or less than modelled. The lower end of the expected income range assumes that all rates levied are the minimum rates levied, whereas the higher end of the expected income range assumes that all



rates levied are based on Gross Rental Income valuations similar to existing premises within Kingsford Smith.

- **Cost of works** – The construction costs may be higher or low than the indicative development costs, as assessed by a quantity surveyor. The cost of imported fill is the primary component of the construction costs. Should the Town be able to source fill for less than the cost estimate, the expected financial return will be higher than expected.

## **WORKS EXPENDITURE**

All works are expected to occur within the 2024-2025 Financial Year. The assessed cost of the works has been included in the Town's Financial Year 2024-2025 capital works budget.

## **EXPECTED EFFECT ON THE MATTERS REFERRED TO IN THE LOCAL GOVERNMENT'S CURRENT PLAN PREPARED UNDER SECTION 5.56**

Section 5.56 of the *Local Government Act 1995* requires a local government to plan for the future of its district.

### **STRATEGIC COMMUNITY PLAN 2022 - 2032**

The Strategic Community Plan 2022 – 2032 outlines the future direction of the Town of Port Hedland. It focuses on building generational prosperity, economic and environmental sustainability and community through partnership, civic leadership and collective action over a ten-year period. It reflects trends occurring within our community, the local context, outlines our community aspirations and the activities required to achieve our goals by 2032.

The Plan covers four themes:

- **Our Community** – We honour our people and our cultural heritage – ensuring wellbeing, diversity, creativity and strong civic engagement and dialogue.
- **Our Economy** – We build prosperity for all – enabling sustained and diversified economic and employment growth.
- **Our Built and Natural Environment** – We treasure and protect our natural environment and provide sustainable and resilient infrastructure and built form.
- **Our Leadership** – United in our actions to connect, listen, support and advocate, thereby leveraging the potential of our people, places and resources.

The proposal is in alignment with the Town's Strategic Community Plan 2022 – 2032, particularly Outcome 2.3 – An enabling, attractive business environment and 2.5 – Improved infrastructure development.

### **ECONOMIC DEVELOPMENT AND TOURISM STRATEGY 2021**

The Economic Development and Tourism Strategy 2021 provides the framework for the Town to lead an integrated and collaborative approach to economic development and diversification.

The Town of Port Hedland has a number of key roles including:

- Leadership
- Facilitation
- Statutory approvals
- Advocacy
- Project development and execution
- Partnerships.

This proposal is in alignment with the objectives outlined in the Economic Development and Tourism Strategy 2021.

**ABILITY OF THE LOCAL GOVERNMENT TO MANAGE THE UNDERTAKING OR THE PERFORMANCE OF THE TRANSACTION**

The Town successfully completed Stage 1 of Kingsford Smith Business Park in 2015 and has considerable experience in delivering and managing projects of a larger scale and with a greater level of complexity than what is being proposed.

The Town will obtain consultancy and project management services to facilitate the clearance of subdivision conditions.

The Town will obtain professional support to facilitate the marketing and sale process of the proposed lots.

**ANY OTHER MATTER**

The Town is not aware of any other matters that are relevant to the proposed transaction.

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## **PUBLIC CONSULTATION**

The Business Plan is open for public submissions for a period of six (6) weeks under Section 3.59 of the *Local Government Act 1995*.

A copy of the Business Plan can be accessed through the Town of Port Hedland website at [www.porthedland.wa.gov.au](http://www.porthedland.wa.gov.au) with hard copies available at the Town of Port Hedland Administration Office and Town operated libraries.

Submissions must be in writing and addressed to:

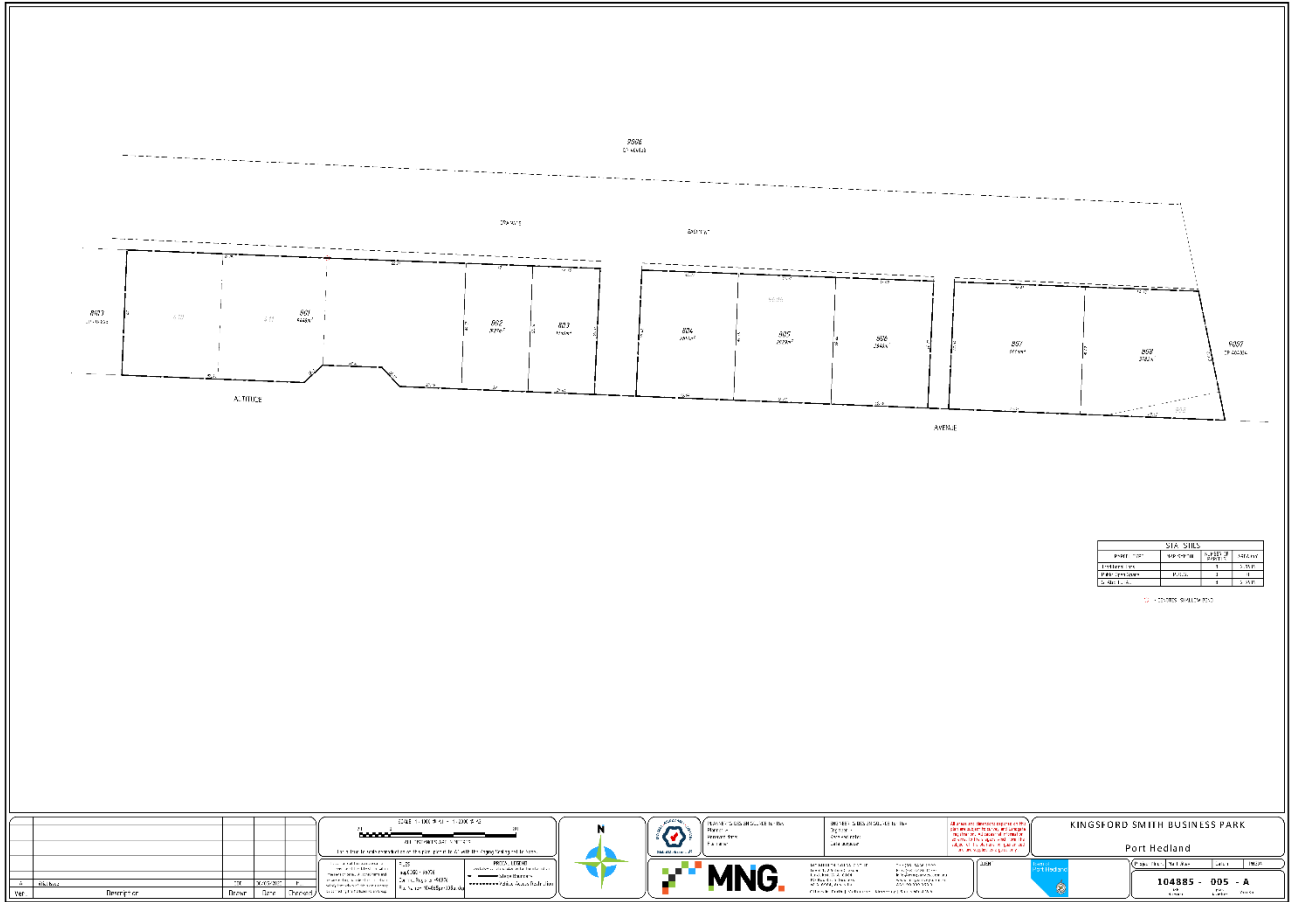
Chief Executive Officer  
Town of Port Hedland  
PO Box 41  
PORT HEDLAND WA 6721

Alternatively, submissions may be emailed to [council@porthedland.wa.gov.au](mailto:council@porthedland.wa.gov.au)

Submissions may be made to the Town before **3:00pm Friday 18 October 2024**.

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# APPENDIX 1



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