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**BUSINESS PLAN FOR MAJOR LAND TRANSACTION**

Proposal by the Town of Port Hedland to acquire and dispose of Lot 2939 on Plan 181193 Roberts Street, South Hedland and Lot 5977 on Plan 193524 Hamilton Road, South Hedland in fee simple as vacant land for the purposes of a large-scale strategic entry statement development.

February 2022

Submissions close 16 May 2022

# Introduction

This Business Plan has been prepared in accordance with the requirements of Section 3.59 of *the Local Government Act 1995* (the Act) and Regulation 8A of the *Local Government (Functions and General) Regulations 1996* (the Regulations) which apply when a local government authority intends to undertake a Major Land Transaction or Major Trading Undertaking.

The Town of Port Hedland proposes to acquire adjacent Lot 2939 on Plan 181193 Roberts Street, South Hedland and Lot 5977 on Plan 193524 Hamilton Road, South Hedland and sell the lots jointly to a developer for a mixed-use development that forms an entry statement to, and is consistent with, the amenity and built form of the South Hedland regional Town Centre.

The purpose of this Business Plan is to provide members of the community with the opportunity to consider the proposal and provide commentary through a submissions process, to inform Council’s decision making on the matter.

# Legislative requirements

## Content of the Business Plan

Section 3.59 of the Act prescribes a major land transaction for the acquisition, disposal or development of land as one where the total value of the consideration under the transaction (and anything done by the local government for achieving the purpose of the transaction) is more than the amount prescribed for the purposes of the definition. Regulation 8A prescribes the threshold amount for a major land transaction for a local government authority that is not a major regional centre (below a population of 20,000) as $2 million or 10% of operating expenditure, whichever is the lesser. The Town of Port Hedland district population falls below the population threshold with the value of the transaction and all things incidental to achieving the transaction exceeding $2 million, a figure that is lower than 10% of operating expenditure.

Section 3.59 requires that the local government authority, prior to undertaking a major land transaction, prepares a business plan. Subsection 3 stipulates that the business plan includes the following:

(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.

## Public Advertising

Section 3.59(4) requires the local government to give state-wide public notice of its intent to enter a Major Land Transaction, prepare a business plan for public inspection and call for submissions for a period not less than six weeks.

State-wide and local public notice of the Business Plan will be provided in the West Australian Newspaper (Saturday edition) on 2 April 2022 and the North West Telegraph on 6 April 2022, with copies of the Business Plan available for access from Customer Services at the Town’s Administration Office, Town libraries and on the Town’s website at [www.porthedland.wa.gov.au](http://www.porthedland.wa.gov.au)

Submissions will be presented to Council at an Ordinary Council Meeting as soon as practicable following closure of the submissions period and will inform Council’s decision on the matter.

# Background

The South Hedland Town Centre developed in the 1970s, was intended to be central to four residential areas. Lack of residential development to the west and southwest of the City Centre resulted in its location on the periphery of Town, largely surrounded by undeveloped land to the West and Southwest. This has impacted streetscape character, activation as a public space and created a degree of visual disconnection, lack of invitation or sense of place, and way finding from Great Northern Highway.

The Town’s new Local Planning Strategy,supported by Local Planning Scheme No.7, designates South Hedland as the focus of future commercial and retail growth and regional level retailing services. The South Hedland Place Plan(Place Plan) intended for implementation over the forward three to five years, focuses strongly on the identification and activation of vacant land and incentivisation of future commercial and private development as ‘anchors’ for the Town Centre and mechanisms for local prosperity. The Place Plan identifies the lack of connection between destinations in South Hedland and Hamilton Road as a peripheral connector zone for investment to grow and improve the liveliness of the Town Centre.

The Town of Port Hedland and DevelopmentWA have invested substantially in infrastructure and amenity in the South Hedland Town Centre with a view to supporting growth of the Town to a city.

The proposal the subject of this Business Plan, involves strategic land acquisitions by the Town of Port Hedland to facilitate large-scale, quality, mixed use, built form on the main entry road to South Hedland. The proposal aims to deliver potential commercial, service and retail diversity; improve locational amenity and sense of welcome to visitors to Hedland; enhance connectivity to the Town Centre; meet demand associated with economic activity and forecast population growth, support job creation; and temper cost inflation.

The proposal is consistent with sound land use planning principles and the Town’s local and strategic planning framework, informed by extensive community and stakeholder consultation.

# Property information

Lot 2939 on Plan 181193 Roberts Street, South Hedland, owned in freehold by Horizon Power and quarantined for future electrical substation works, is located on the Western side of South Hedland, approximately 400 metres north of the Central Business District. Bordered by Hamilton Road to the West and Roberts Street to the east, it is predominantly surrounded by commercial and residential property holdings, including Wanangkura Stadium to the west. It is 9,857m2 majority cleared and rectangular shaped with approximately 101 metres of street frontage to Hamilton Road.

Lot 5977 on Plan 193524 Hamilton Road (vacant Crown Land) is adjacent to Lot 2939. This 7,237m2 rectangular shaped lot has approximately 129 metres of street frontage to Hamilton Road and is predominantly cleared.

The two lots are currently accessible via sealed Hamilton Road. A Town of Port Hedland Flood Study 2010 identified these allotments as ‘low’ flood risk.

Both allotments are unimproved.

The legal and general land description of the land lots and associated details are as follows:

|  |  |  |
| --- | --- | --- |
| **Legal and general land description** | **Reserve status** | **Lot Area** |
| Lot 2939 on Deposited Plan 181193, wholly contained within Certificate of Title Volume 1501, Folio 985 | Not reserved – privately owned (Horizon Power) | 9857m2 |
| Lot 5977 on Deposited Plan 193524, wholly contained within Certificate of Crown Land Volume LR3061, Folio 828 | Not reserved – Vacant Crown Land | 7237m2 |

The sites are zoned Mixed Use under the Town of Port Hedland Local Planning Scheme No.7; Native Title has been extinguished; both sites have access to nearby services, and neither is listed as contaminated under the *Contaminated Sites Act 2004*. A map identifying the two sites is available at **Attachment A.**

The objectives of Mixed Use zoning applied to Lot 2939 and Lot 5977 are:

* To provide for a wide variety of active uses on street level which are compatible with residential and other non-active uses on upper levels.
* To allow for the development of a mix of varied but compatible land uses such as housing, offices, showrooms, amusement centres, eating establishments and appropriate activities, which do not generate nuisances detrimental to the amenities of the district or to the health, welfare and safety of its residents.

The proposal is in keeping with the zoning.

# Description of the proposal

### Approach to land acquisition and disposal

Under the proposal, the Town of Port Hedland would purchase the vacant allotments in fee simple:

* Lot 2939 Roberts Street, South Hedland from Horizon Power, currently reserved for substation works.
* Lot 5977 Hamilton Road, South Hedland from the Crown.

This will realise a site with capacity for a large-scale mixed-use development, comprising 17,094 m2.

Note: An alternative site more suitable for service infrastructure of the scale required by Horizon Power and within required distance of Horizon Power’s transmission network will be allocated by the Crown at no cost to the Town of Port Hedland.

The Town intends to sell Lot 5977 Hamilton Road, South Hedland and Lot 2939 Roberts Street, South Hedland by private treaty to a private developer for a large-scale, quality mixed use development across both allotments in keeping with the zoning, built form and amenity of South Hedland.

The Town’ acquisition and disposal of the allotments is intended by July to August 2022.

### Design and Civil Works

Design and civil works will be the responsibility of the private developer (owner) of lot 5977 Hamilton Road, South Hedland and Lot 2939 Roberts Street, South Hedland following sale of allotments by the Town of Port Hedland. The development will be required to comply with the local planning framework, including application for planning approval and where relevant, Development Assessment Panel requirements.

# Expected effect on the provision of facilities and services by the local government

## Strategic Planning and investment

The Town and State Government have invested significantly in strategic planning for the district/region to realise community, economic, built form and environmental outcomes. The proposal is congruent with related strategic planning objectives for land use and development.

The Town’s new Local Planning Strategy, Local Planning Scheme, and Place Plan for the South Hedland Town Centre and peripheral zones reinforces or identifies:

* South Hedland as the primary activity centre for the Town of Port Hedland;
* Requirements for a modern and high design standard of built infrastructure;
* Improved visual amenity and gateways to the City Centre;
* Hamilton Road as a peripheral connector zone for investment to grow the liveliness of the City Centre;
* A shortfall in commercial space in South Hedland and reliance on retail space to fill this void;
* A concerted effort required to support diversification of the local economy; and
* Renewed focus on development of residential land within 400 metre proximate distance of the CBD.

A new planning framework, sport and recreation facility master plans, a Draft Economic and Tourism Development Strategy, childcare strategies (Hedland Collective and the Town of Port Hedland) and an Arts and Culture Strategy, collectively support population and economic growth, with a focus on:

* Applying a Social Impact Assessment process to major developments such as workforce accommodation to increase use of local supply chains;
* Upgrades/new development to expand quality, capacity and capability of sporting and recreation facilities (including for regional level competitions) and new purpose built, aggregated arts and culture facilities to support population growth and an arts and culture economy;
* Leveraging business and leisure visitor experience and spend; and
* Cross sectoral planning and investment in childcare infrastructure and workforce development to meet a critical shortfall in placements, and to increase workforce participation.

The State Government and Town have invested heavily (~ $24.5 million) in South Hedland in the development of a new main street, landscape treatments (including on Hamilton Road), creation of a recognisable Town Centre, installation of artworks and major city centre subdivision works. Further city centre upgrades are intended for 2022. A $2.2 million funding partnership at the Commons on Hamilton Road, will improve streetscape medians, shade, usability and attractiveness of the South Hedland entrance on Hamilton Road. In conjunction with upgrades to sporting, education and arts facilities, the investment the subject of the business plan will significantly enhance connectivity and amenity, including through transferring future substation works from Hamilton Road to an alternative site.

The development has significant potential within the parameters of Mixed Use zoning to further realise strategic planning objectives and leverage investment for economic development, jobs growth and improved liveability in South Hedland.

## Planning processes

The developer will be required to apply for planning approval under the Town’s Local Planning Framework. For a development that exceeds $10 million, an application will also need to be lodged through the Development Assessment Panel (DAP) process for determination. DAPs are established under the *Planning and Development Act 2005* and *Planning and Development (Development Assessment Panels) Regulations 2011,* and are administered by the Department of Planning, Lands and Heritage.

Pursuant to the DAP, the Town will process the application as per the planning scheme. Under *Local Planning Policy LPP/14 Design Review Panel*, developers of mixed use development and entry statements are required to present those designs for review to the Town’s independent Design Review Panel. The Design Review Panel comprises a panel of experts across urban design, landscape architecture, architecture, civil engineering and/or hydrology and sustainability and provides expert design and technical advice to Town Officers to assist in the formulation of recommendations on an application for development approval. The objective is to improve design quality of proposals and built form outcomes for the Town of Port Hedland.

The Town will publicly advertise the application for a period not less than 14 days as well as progressing referrals to relevant internal and external departments and agencies. The Town will prepare a Responsible Authority Report for the DAPs consideration.

## Municipal Services

The Town plans for town growth including the impact on waste, environmental health and other municipal services offered by the Town relevant to this Business Case. The developer will be required to prepare a range of technical reports to minimise impact on the Town’s infrastructure services and residents.

Site development will require the construction of a roundabout on Hamilton Road by the Town which as a major arterial road supports on average 9,000 traffic movements per day. The roundabout will facilitate traffic flow into the development as well as supporting interim access to the South Hedland Integrated Sports Hub (SHISH) Complex, pending finalisation of upgrades and new infrastructure at the SHISH.

# Expected effect on persons providing facilities and services in the district

## Town Centre patronage

Connector roads are key to Town Centre patronage. Upgrades, new infrastructure, integration of public art, event spaces, cultural story telling and better way finding in the South Hedland Town Centre will grow momentum for a safe, revitalised, and thriving Town Centre, designed to attract more people, more investment, and more business as a regional level retail and commercial centre.

Sustainable population growth and diversity of enterprises will support economies of scale, local employment and temper cost inflation. Interconnected places will reflect the identity and inherent character of the Town with Hamilton Road as a connector road serving as a passive form of wayfinding, drawing people to the Town Centre as a preeminent regional destination.

The latter will become increasingly important as South Hedland Town Centre transitions to a City Centre (population 20,000) with population currently tracking at approximately 2% per annum in line with a high growth scenario of 27,085 people by 2041. Federal and State regional development priorities for diversification, driven by economic vulnerabilities identified by Covid-19 and future commodity market opportunities, are heavily dependent on Pilbara competitive advantages and coupled with existing minerals processing will realise further sustained growth in the Town.

The Town’s visitor economy is key to the viability of certain supply chains including accommodation and food services (45.9%), arts and recreation services (18.4%), retail trade and transport (8.6%) and postal and warehousing (7.5%). Domestic visitation to Port Hedland increased markedly between 2013 and 2019 (pre-Covid), nearly double the rate of Karratha and over three times the regional rate. The capacity to attract day visitors or extend stay as domestic tourism expands and now international boarders are open, will enhance return for key sectors in the visitor economy.

### Commercial space

Policy platforms, including the recently released draft Infrastructure Western Australia Strategy, recognise downward pressure on State and local governments to meet commitments around business development, jobs growth, built form development, community infrastructure, and improved amenity. While employment sectors such as small-scale commercial and retail are modest in output relative to the mining sector, they are key to the strength of the local economy, particularly in a downturn as they can facilitate sustainable employment. Business attraction expands employment opportunities, supports sustained population growth, and develops supply chain opportunities that retain spend in the local economy.

Pilbara businesses suffer the burden of a high-cost structure given competition for labour with the mining sector, and high workforce accommodation, construction, and transport costs. The Town’s Local Planning Strategy 2021 identified a critical shortfall in commercial space increasing to 5,500m2 by 2041 in the absence of further commercial construction. The Hamilton Road development provides considerable opportunity for commercial operators to leverage adjacent facilities such as the high school (i.e. childcare), a substantially upgraded and expanded SHISH, Spinifex Hill Studio and the Commons, and other civic developments and supply chains for emerging industry opportunities.

### Retail space

### South Hedland Town Centre is the focus of regional retailing services and is intersected by a number of connector roads from established residential areas. Future housing development will centre on rounding off the Western Edge of the Town centre through to Hamilton Road. This will not only activate the Town Centre but also provide opportunity for local level retail to support growth closer to Hamilton Road.

### Services

Electricity, internet, telephone and water are in close proximity to allotments.

## Expected Financial Effect on the Local Government

Acquisition costs for Lot 5977 Hamilton Road, South Hedland and Lot 2939 Roberts Street, South Hedland, the roundabout and associated land transaction costs will be funded by the Town from the Strategic Infrastructure Reserve.

*The purpose of the Infrastructure Reserve is to fund strategic projects as included in the Town’s Strategic Community Plan and Corporate Business Plan.*

The proposal aligns with this purpose.

The current Strategic Reserve balance is $139 million which is forecast to be $122 million at 30 June 2022, excluding the transactions the subject of this business case.

Land acquisition will incur a cost to the Town of $760,000- 990,000 (plus GST). The land lots will be sold to the developer for a joint development at a total purchase cost of $990,000 (plus GST). This will cover the cost of purchase of the land lots and facilitate the Town quarantining a portion of funding for construction of the roundabout.

The impact on the Town’s Infrastructure Reserve for 2021/22 financial year for land acquisition and disposal is expected to be -$291,591 - -$522,091, the majority attributable to the Town’s construction of the roundabout.

The Town considers the additional investment in the roundabout appropriate given the economic and liveability outcomes that would be leveraged from the development and to facilitate traffic movement on Hamilton Road.

The Town will realise a considerable rates’ return from the development which will support Town capital and operational works.

If the sale is subject to GST on full commercial value, then the Town of Port Hedland would be entitled to claim this amount as an input tax credit. Local Government is exempt from Stamp Duty under Section 3 of the *Duties Act 2008* for the purposes of these transactions. Parcel 4 as held by the Town would be exempt from land tax under the *Land Tax Assessment Act 2002.*

# Its expected effect on matters referred to in the local government’s current plan prepared under section 5.56

Section 5.56 requires that a local government ‘plan for the future of the district’ and ensure that those plans ‘are in accordance with any regulations made about planning for the future of the district’.

### Strategic Community Plan and Corporate Business Plan

The Town’s *Strategic Community Plan 2018-2028* establishes the vision, aspirations and objectives of the community, determined through intensive consultations. It incorporates four themes; our community; our economy; our built and natural environment; and our leadership.

The following strategic responses are relevant to these themes and the proposal:

*Our Economy –* strategic employment and economic development, and market failures addressing the cost of living and cost of doing business challenges, are addressed. Opportunities for small-medium sized business attraction are facilitated. Local procurement is prioritised.

*Our Built and Natural Environment –* The present and future needs for serviced land and infrastructure provision are identified, planned and developed. Innovation and resilience of the built form are encouraged, assessed and implemented. The community is surrounded by and has access to attractive natural habitats, built form, parks and amenity.

*Our Leadership –* A positive narrative and unique brand is developed and promoted.

The Town’s *Corporate Business Plan 2018-2022* supports achievement of the Strategic Community Plan outcomes by defining actions and designating delivery responsibilities and timeframes.

### Strategic Resource Plan

The *Strategic Resource Plan 2019/20-2033/34* (Resource Plan) plans for a sustainable future for the Town that balances infrastructure and asset renewal with improved service levels to meet community expectations while maintaining a healthy financial position.

The Resource Plan incorporates new and renewed asset expenditure of $443.6 million over the life of the plan, comprising $269.3 million in new and $174.3 in renewed asset expenditure, respectively. The plan further evidences that while reserves will be utilised initially to fund major projects, those reserves will rise over the term of the plan. Further, that a balanced annual budget position will be achieved for the duration of the plan.

The Resource Plan incorporates significant funding for new capital works for sport and recreation centres and $6.1 million for the South Hedland Townsite Masterplan activation (arising from the Place Plan).

# The ability of the local government to manage the undertaking or the performance of the transaction

The Town has requisite experience in managing finances, projects, place planning, precinct development and connectivity, that extends beyond the proposal’s size and complexity.

The Town’s Infrastructure Project and/or Town Planning and Development units have managed land acquisition and development projects for staff housing; structure plans for major residential and commercial development; high value site masterplans and assessed complex and significant development applications.

The developer will be accountable for ensuring the development is undertaken in accordance with the regional DAP approval, and that development timeframes are met.

# Any other matter prescribed for the purposes of this subsection

Nil matters prescribed.

### Comments on the Business Plan

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.*

As noted, 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.

Interested members of the community are invited to make a submission to the Town of Port Hedland by close of business on the 16 May 2022. 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)

**APPENDIX – SITE MAP**

Map

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