



BUSINESS PLAN

MAJOR LAND TRANSACTION

Shark Bay Essential Worker Accommodation Project

EXECUTIVE SUMMARY

The Shire has prepared this business plan setting out the details of a proposed Major Land Transaction, for the purpose of seeking submissions from the community before deciding whether to proceed with the proposed Major Land Transaction.

Information about how to make a submission is set out at the end of this business plan.

1 INTRODUCTION

The purpose of this business plan is to:-

1. Inform the community that the Shire is proposing to undertake a Major Land Transaction for the acquisition and development of;
2. Provide details of the proposed Major Land Transaction for the consideration by the community;
3. Provide the community with the opportunity to make submissions about the proposed Major Land Transaction; and
4. Satisfy the regulatory requirements of the *Local Government Act 1995*.

2 PROPERTY DETAILS AND HISTORY

The expansion of workforce accommodation within the Shire of Shark Bay is vital to the economic growth of the region. The high cost of construction and lack of registered builders and tradesmen in Denham has limited new development.

An Affordable Housing Study was commissioned and completed in November 2022 via funding from the Gascoyne Development Commission. The Study identified current worker accommodation needs in Denham relative to key service employees including government officers, Shire staff and local business workers and included an analysis of delivery models, scale of development options and financial modelling. Whilst not a Local Government responsibility, the Study highlighted an opportunity for the Shire of Shark Bay to contribute by way of a Council-led solution to Denham's essential worker accommodation shortage.

Additionally, the Gascoyne Worker Housing Action Plan (Action Plan), prepared by Urbis in 2022, identified that the Shire is experiencing a housing availability and affordability issue, particularly for key workers. This issue has been driven by the following factors:

1. Restrictions on the supply of medium to long-term rental accommodation due to:
 - a. the growth in tourism population (particularly during COVID-19) resulting in an increase in:

- properties purchased for the purposes of short-term rental; and
 - long-term let properties being converted to short-term rentals.
- b. elevated construction costs (50-60% above Perth costs) and low land values impacting on housing feasibility, requiring Development WA to subsidise bringing lots to the market; and
- c. extension of trunk infrastructure, particularly sewerage, being cost prohibitive for small developments impacting on feasibility.
2. Increased demand for medium to long term rental accommodation being fuelled by the Government Regional Officer Housing (GROH) program and other state government agencies (e.g., Horizon). These programs are competing in the private rental market for dwellings.
3. High levels (around 60% of tenancies) of informal rental accommodation, including via friends/families, informal tenancy agreements, employer provided housing and short stay accommodation. This means there is a low level of housing available through real estate agents.

There are also issues with the quality of existing housing, as dwellings age and decrease in quality and value.

Under the Shire's Corporate Business Plan 2021-2025, the Shire identified 'advocate for key worker accommodation' as an action to support local business and encourage further investment in the district. The Business Plan also identified 'investigate available land and seek funding for staff accommodation' as an action to achieve a well-planned built environment and infrastructure which supports the community.

State Government Employee Need

The State Government makes accommodation available to selected Agency employees through the Government Regional Officer Housing (GROH) program.

There are currently 24 GROH dwellings in the Shire, allocated by Agency.

The current volume of GROH housing is not sufficient to meet current need, and this gap is forecast to increase as Agencies seek to mobilise additional employees to the region. This is largely driven by a requirement for further Department of Biodiversity, Conservation & Attractions (DBCA) employees to meet greater needs as further Marine Parks and National Parks are declared.

Current and forecast additional unmet demand for GROH accommodation, based on employment projections provided to the Shire by Department of Education and DBCA indicates a need for an additional 22 GROH dwellings in the short to medium term.

Shire Staff Accommodation Need

The Shire has identified a need for up to a further six (6) dwellings of accommodation to be able to offer staff, such that all supervisors and managers would be offered housing at a discount to market rents as part of their employment package. This would alleviate a current constraint to attracting employees, being a lack of available housing at affordable levels.

3 STATUTORY FRAMEWORKS

The Shire as a local government body

The Shire of Shark Bay is a local government established under Division 2 of Part 2 of the Local Government Act 1995 (hereafter referred to as “the Act”).

The Shire of Shark Bay is a body corporate, with power to acquire, hold and dispose of property under Section 2.5 of the Act. The Act provides for, and regulates, the exercising of various executive functions of a local government.

Regulation of the disposing of property

Relevant to this Business Plan, the Act regulates the disposal of property by a local government. This regulation is consistent with the purpose of the Act in promoting greater community participation in the decisions and affairs of the local government and greater accountability of local governments to their communities.

Section 3.58 applies generally to disposal of property, other than specified ‘excluded’ dispositions. The lease of the houses to a department or agency of the Crown in right of the State is exempt under regulation 30 of the *Local Government (Functions and General) Regulations 1996*

Sections 3.59 of the Act provides for certain administrative requirements that must be complied with before undertaking a land transaction involving the acquisition, development or disposing of land.

Section 3.59 applies to land transactions, including ‘Major Land Transaction’. A ‘Major Land Transaction’ is a land transaction with a total expenditure of more than the prescribed lesser of two amounts.

In the case of the Shire of Shark Bay as a regional local government the prescribed amount is either \$2 million or 10% of the Shire’s operating expenditure (incurred from

the municipal fund in the last completed financial year). See regulation 8A (b) of the *Local Government (Functions and General) Regulations 1996*.

The total value of the proposed acquisition and development of 46 (7) Freycinet Drive, Denham will be more than the prescribed \$2million. Prior to acquiring, developing and disposing of the land via a 10-year lease, the Shire is required to prepare this business plan for the proposed 'Major Land Transaction'.

Interaction between s 3.58 and s 3.59 of the Act

The Act recognises that there can be an area of overlap in the operation of sections 3.58 and 3.59 of the Act. The Act therefore provides for certain dispositions to be "excluded" from the application of s 3.58: see *Local Government (Functions and General) Regulations 1996*30(2a) (c).

Where a business plan gives the details of the names of all the parties concerned, the consideration to be received, and the market value of the proposed disposition as ascertained by a valuation carried out not more than 12 months before the proposed disposition, then s 3.58 of the Act will not apply to the proposed disposition of property.

In accordance with Section 3.59 of the Act, a business plan in respect of a Major Land Transaction is to include details of:

- (a) Its expected effect on the provision of facilities and services by the local government;
- (b) Its expected effect on other persons providing facilities and services in the district;
- (c) Its expected financial effect on the local government;
- (d) Its expected effect on matters referred to in the local government's current plan prepared under Section 5.56;
- (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.

Section 3.59 of the Act also requires the Shire to –

- (a) Give State-wide public notice stating that –
 - (i) The Shire proposes to enter into the Major Land Transaction described in the notice;
 - (ii) A copy of the business plan may be inspected or obtained at any place specified in the notice; and

(iii) Submissions about the proposed undertaking or transaction may be made to the local government before a day to be specified in the notice, being a day that is not less than 6 weeks after the notice is given; and

(b) Make a copy of the business plan available for public inspection in accordance with the notice.

4 MAJOR LAND TRANSACTION PROPOSAL

Current Owner:

Development WA

Proposed Purchaser:

Shire of Shark Bay

Land:

Zoning

Lot 46 (7) Freycinet Drive, Denham has an approximate area of 2735m² and is zoned Residential with an 'R30' density code under Local Planning Scheme No 4 \endorsed by the Western Australian Planning Commission

Proposed Purchase Price: The purchase price is commercial in confidence.

The Shire is proposing to acquire the land from Development WA and construct 6 grouped residential dwellings. Of the 6 dwellings constructed 5 are to be leased to the State Government (Department of Communities) for a period of 10 years. At the end of the lease the dwellings would revert to the care and control of the Shire of Shark Bay.

5. ASSESSMENT OF THE MAJOR LAND TRANSACTION

5.1 EXPECTED EFFECT ON THE PROVISION OF FACILITIES AND SERVICES BY THE SHIRE OF SHARK BAY

The acquisition, development and lease of the land will not have any immediate effect on the provision of facilities and services by the Shire. The Shire will obtain one additional staff house from the Major Land Transaction with the other five houses being available for Shire use, disposal or leasing after the 10 year lease period with the Department of Communities.

5.2 EFFECT ON OTHER PERSONS PROVIDING FACILITIES AND SERVICES IN THE DISTRICT

The proposed land transaction will assist in easing the current shortage of housing in the district by virtue of shifting a number of GROH employees out of the private rental market and assist the State Government in providing housing to their staff in the district. Other persons in the district will not be impacted by the development.

5.3 EXPECTED FINANCIAL EFFECT ON THE SHIRE OF SHARK BAY

The subject land is currently vacant, and the acquisition and development of the land is expected to cost between \$4million and \$4.5million. A borrowing of \$2million is in place which will combine with successful grant funding and a draw down from the reserve accounts of \$1.8million to fund the land transaction. A positive net operating cashflow of \$4.9 million is expected over the live of the lease of the dwellings

5.4 EFFECT ON MATTERS REFERRED TO IN THE SHIRE'S PLAN FOR THE FUTURE

The proposed Major Land Transaction would support the achievement of the following actions of the Shire of Shark Bay Council Plan 2023-2033 (Incorporating the Strategic Community Plan and Corporate Business Plan):

2.3.1 Encourage existing and new industries in Shark Bay

2.3.3 Advocate for additional key worker accommodation

2.3.4 Continue advocacy to seek further release of land for development

4.1.1 Continue development of new assets and improvement of asset maintenance in accordance with Council's adopted budgets

4.1.4 Investigate key worker accommodation solutions

6.1.4 Collaborate with key stakeholders

5.5 ABILITY OF THE SHIRE TO MANAGE THE UNDERTAKING

The Shire of Shark Bay has sufficiently qualified and experienced personnel to manage the proposed acquisition, development and leasing of the lot.

The Shire of Shark Bay has sufficient funding to appoint professional consultants to provide advice on the transaction. If the proposed land transaction proceeds, the Shire will need to make provision from its reserve account to deal with costs of completing the project.

6. BUSINESS PLAN ADVERTISING AND SUBMISSIONS

Section 3.59 of the *Local Government Act 1995* requires the Shire to give state-wide public notice of the proposal to enter into the Major Land Transaction under consideration and invite public submissions for a minimum six-week period.

A notice will be placed in “The West Australian” (state-wide newspaper) on Wednesday 8 January 2025.

Submissions are to be made in writing to the Chief Executive Officer and to be eligible must be received by the Shire no later than 5.00pm 20 February 2025.

Submissions are to be marked – ‘Grouped Dwelling Land Transaction’ and lodged with the Shires Chief Executive Officer via the following methods:

Mail: PO Box 126, Denham WA 6537

Email: admin@sharkbay.wa.gov.au

In person: Shire of Shark Bay Administration Building, 65 Knight Terrace, Denham WA 6537