



Business Plan

Tom Price Tourist Park - Lease

September 2019

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1. Organisation Details

Organisation	Shire of Ashburton
Organisation Type	Local Government
Core Business	Provision of services to local communities and ratepayers
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2. Executive Summary

This Major Land Transaction Plan ('Plan') has been prepared in accordance with the Local Government Act 1995 and Local Government (Functions and General) Regulations 1996.

The intention of this Plan is to inform the community of the Shire's proposal and seek comment in relation to this Major Land Transaction as it relates to managing the Shire's assets. It is not a function of this Plan to address planning issues that have previously been canvassed in the community. The required planning processes are considered separately.

Tom Price is located approximately 1461km north-east of Perth in the Pilbara Region of Western Australia in the municipality of the Shire of Ashburton. Tom Price was constructed in 1966 as one of many Pilbara Towns specifically constructed to house and service the mining employees of Hamersley Iron.

The Tom Price Tourist Park, located on Reserve 38762, Nameless Valley Drive, Tom Price, comprises aging and limited accommodation infrastructure. Lessees, Summerstar Pty Ltd propose a new lease with a term of 21 years with a further 21 year term to secure capital for a three stage development to occur over ten years.

This Major Land Transaction Plan details the proposed Lease Agreement for the Tom Price Tourist Park. The proposal allows for the investment, and return on investment, to make improvements to the quality and type of accommodation options and park experiences to maximise the peak season (July-September) in addition to improving the Pilbara experience and attracting and retaining tourists for longer durations.

The proposed lease and development for the Tom Price Tourist Park was endorsed by Council at the September 2019 Ordinary Meeting of Council.

3. Plan Objectives

This Major Land Transaction Plan is designed to:

Inform the public with respect to the Shire of Ashburton's proposal to undertake a 'Major Land Transaction' in respect to the proposed Lease Agreement period and option to renew of Lot 66 on Deposited Plan 186857, Reserve 38762, Nameless Valley Drive, Tom Price;

Provide the opportunity for the public to make submissions regarding the Major Land Transaction Plan and the proposed Lease Agreement of this property; and

Satisfy the requirements of section 3.59 of the Local Government Act 1995.

The proposed program is as follows:

Council endorsement of proposed lease	18 September 2019
Major Land Transaction Plan advertised for submissions (closure)	11 November 2019
Submissions considered by Council	19 November 2019
Lease Agreement signed (subject to no public submissions)	Upon approval from Minister for Lands

4. Background

Lot 66 on Deposited Plan 186857 (Tom Price Tourist Park) Nameless Valley Drive, Tom Price, is a Crown reserve created under the *Land Administration Act 1997* for the purpose of “Caravan Park and Chalets”. The lot comprises 24.9562 hectares and is appropriately zoned “Tourism” under the Shire of Ashburton Town Planning Scheme No. 7.

The Shire holds a Management Order for Reserve 38762, with Power to Lease for up to 21 years. In 2001, the Shire entered into a Lease with Arther Drage and Karen Drage to operate the Caravan Park, with this lease expiring on 3 November 2011. A Deed of Extension of Lease was executed in 2012, exercising the Lessee’s option to a further 12 year term; consequently, the Lease expires in 2032.

On April 1 2005, the Lease was assigned from Arther Drage and Karen Drage to Kaussie Holdings Pty Ltd (proprietors being Arther Drage and Karen Drage).

A Deed of Variation in 2008 introduced a nightly occupancy fee and documented development works to be undertaken by the Lessee.

Council endorsed the assignment of the Lease to complete the sale of the business by Kaussie Holdings Pty Ltd to Summerstar Pty Ltd (Summerstar) in June 2017.

Summerstar Tourist Parks are a group of family owned and operated Western Australian caravan parks and tourist parks and have nine parks in Western Australia at Kalbarri, Horrocks Beach, Geraldton, Jurien Bay, Margaret River x 2, Walpole, Esperance and Tom Price.

Summerstar has shown commitment in the short time they have held the Lease at the Tom Price Tourist Park by renovating the existing ablutions, undertaking improvements to the water bore for landscaping improvements and, investing in marketing, an online booking platform and search engine optimisation.

Summerstar propose to undertake development in three stages over ten years to expand and improve accommodation options. To secure the capital required, Summerstar have requested a new lease with a 21 year term with further term of 21 years.

Based on an annual review of occupancy, the park is at approximately 40% occupancy on average across the year. This is however generally closer to 100% occupancy in the peak season months of June, July and August. Outside these three months occupancy is generally low and as such without further accommodation and camping options further income cannot be derived from the peak season. Moreover, there is a lack of quality accommodation and facilities. Development of the park may encourage visitors to stay longer or out of the peak season.

Summerstar propose an estimated \$16,000,000 staged redevelopment to assess the tourism/caravan and camping market which impacts plans. Outside influences such as market forces and economic circumstances and experiences within the park could affect the delivery of each stage therefore, stages or the number of sites or chalets may be subject to change. For example, some parts of stage 2 may become more desirable to occur before stage 1 or the number of sites developed in a particular stage could increase or decrease. The staging depicts Summerstar's intentions for growth and improvement of the park as a tourism site. Each stage is in two parts as some sections will need to occur before others and sequencing of large areas of development will be necessary. A commitment is not made to implement the entire development of each stage as indicated on the plan. This is to allow a response to market forces and the effectiveness of development as implementation occurs. The success of efforts in one stage may influence the next.

The stages proposed are:

Stage 1a - ~\$2,575,000

- 10 x two bedroom chalets (western edge)
- 10 x ensuite powered sites (northern edge)
- Playground with bouncing pillow

Stage 1b - ~\$1,510,000

- 10 x ensuite powered sites (northern edge)
- 55 x powered sites (northern edge)
- Camp kitchen, laundry and ablutions
- Outdoor cinema

Stage 1 proposes to provide new chalets as existing cabins and chalets on site are aged. Higher quality accommodation is needed, aiming to pick up the shoulder season as well as peak season tourists.

Provision will be made for the ensuite caravan and camping market along with additional powered sites, new campers' kitchen, a laundry and ablutions facilities. This will bolster the capability of the site to service the caravan and camping market and in particular take advantage of peak season.

Stage 2a - ~\$3,600,000

- 10 x two bedroom chalets (southern edge)
- 10 x one bedroom chalets (western edge)
- Dog minding facility
- Solar panel bank
- BBQ area

Stage 2b - ~\$1,850,000

- Indigenous themed nature play area
- Fencing of effluent areas
- 15 x ensuite powered sites (southern edge)
- 10 x campsites
- Automatic car wash
- Indigenous interpretive centre

Development of stage 2 will increase the number of powered and ensuite sites. This will provide a further type of accommodation and a greater number of sites. It is expected that the extra comfort provided by ensuite sites will be patronised in shoulder seasons therefore expanding park income.

The indigenous play and interpretive centre will increase interest and experience in the park based on cultural and environmental tourism. The dog minding facility will also provide comfort to guests and increase occupancy particularly for those that wish to visit Karijini and have a dog or want to have a long tour day. The carwash facility is expected to be well received by guests. Solar panels will increase viability and exhibit sustainable principles.

Stage 2 will increase the chalets onsite with excellent views to bolster the quality form of accommodation. These chalets will be an upper end experience within the park. This aims to appeal to out of peak season guests.

Stage 3a - ~\$600,000

- Waterpark
- Relocation of effluent disposal area

Stage 3b - ~\$7,000,000

- 40 x chalets/transient and semi-professional workers units

Stage 3b endeavours to generate income outside the tourism season making the park financially viable, allowing further investment and development by the owners.

Stage 3 proposes additional chalets/transient semi-professional workers units to generate income outside the tourism season, making management of the park more viable. This accommodation will provide for guests that are not in tourist season and provide further chalet options for tourists including large groups at busier times.

Within stage 3 is an important tourism drawcard in the form of a water park to go with earlier development of a jumping pillow and improved playground. This will attract families to the resort style caravan park, bolstering the tourism experience. The playground will incorporate an Indigenous themed interpretation providing an important connection to the community and an experience for tourists leading into the upper experiences including Karijini.

The above staging indicates the bulk works but does not incorporate all aspects.

Floor plans and elevations of the indicative buildings to be installed at various stages are provided in the appendix to this document. This provides an indication of the quality and style of accommodation improvements that are to be made over time so that the Tom Price Tourist Park becomes an icon quality tourism venue for the Shire of Ashburton and Western Australia in general.

5. Local Government Act 1995 Requirements

5.1 Expected Effect on the Provision of Facilities and Services by the Shire of Ashburton

Development on the 24.9562 hectare property comprises chalets, powered and unpowered tourist sites, ablutions, laundry, manager's residence, pool and playground.

A significant amount of improvements are needed to renovate existing infrastructure and expand and improve the park. The Shire of Ashburton has provided minimal funds to maintain the premises since the initial Lease was executed in 2001. Shire of Ashburton facilities, being the existing accommodation units and campgrounds will be renovated over time by Summerstar if they are deemed to be worthy of renovation. If accommodation is not viable to be improved, it will be replaced by Summerstar. An assessment of older units will occur over time and responses will be made to make improvements and not allow deterioration of units within the park.

The improved park, facilities and accommodation options will attract more visitors to the area for longer who will spend funds having economic benefits for the local community and other businesses. Improvements at the park of a high quality to service the needs of the tourism market will improve the profile, enhancing the reputation of the Tom Price tourism experience. Local employment will benefit, as will businesses that supply the park with services and products, including tour operators which currently benefit from the visitors to the park.

The ongoing success of the park will provide lease fees to Government over the longer term which will therefore result in a community benefit through revenue.

5.2 Expected Effect on Other Persons Providing Facilities and Services in the District

The Tom Price Tourist Park is the only provision of this kind in Tom Price. The nearest caravan parks are located at Karijini Eco Retreat in the Karijini National Park or Paraburdoo. The proposal is not expected to have any adverse effect of this providers.

The improvements proposed will offer improved tourist accommodation options to improve the tourism experience, maximise peak season income and broaden the season with more suitable tourist accommodation options. This will have a multiplier effect within the Tom Price region, benefiting tourism operators and local businesses alike.

5.3 Expected Financial Effect on the Shire of Ashburton

The current lease fee is \$26,462.18 per annum. In addition to the lease fee, a nightly fee is charged for bays (\$0.75) and structured accommodation (\$1.10). The following income was generated from these fees:

- 18/19 - \$43,459.93
- 17/18 - \$42,812.24
- 16/17 - \$37,299.79

The lease fee proposed in the new agreement is \$45,000 (ex GST) per annum. It is estimated this, combined with CPI and Market Rental reviews over the term of the lease, will be in excess of \$2,000,000. This proposed amount is net of the amortization of considerable capital investment as outlined above.

Summerstar have requested a new lease for an initial period of 21 years with a further 21 year option. Responsibility (and costs) for all repairs and maintenance will be the responsibility of Summerstar under the proposed Lease

Nature of the Major Land Transaction	Lease of land with net value over \$2 million
Location of Land	Lot 66 on Deposited Plan 186857
Lease Area	24.9562 hectares
Proposed Lessee	Summerstar Pty Ltd
Duration of Transaction	21 years with an option to renew of 21 years
Net Return	In excess of \$2,000,000
Local Government Rates	As per Councils Fees & Charges

<p>Outgoings – Lessee to Pay</p>	<p>Utilities (water consumption and service charge, electricity consumption and service charge, telecommunications and installation of services) Local Government Rates Land tax Insurance for:</p> <ul style="list-style-type: none"> • All buildings for its full reinstatement and replacement value • Public liability not less than \$20 million • Glass • The Lessee's fixtures • Loss from burglary • Breakdown and replacement for all plant and equipment • Workers compensation • Any other policy which the Shire acting reasonably requires <p>All maintenance at the site All costs associated with statutory requirements</p>
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5.4 Expected Effect on Matters Referred to in the Shire of Ashburton's Strategic Plan Prepared Under Section 5.56 of the Local Government Act 1995

The proposed Major Land Transaction aligns with the following Shire of Ashburton Strategic Community Plan 2017-2027 (Desktop Review 2019) goals and objectives:

Goal 01 – Vibrant and Active Communities

Objective 02: Sustainable Services, Clubs, Associations and Facilities:

- Prepare plans, programs and schedules that provide cost effective access and optimisation of existing facilities – and provide new or upgraded facilities to accommodate future needs.

Goal 02 – Economic Prosperity

Objective 01: Strong Local Economies:

- Facilitate timely release of land to support the local economy.

Objective 03: Well Managed Tourism:

- Work with the tourism industry, key stakeholders and agencies to collaboratively develop a regional Tourism Strategy that promotes the unique Pilbara offering of distinctive landscapes, seascapes and communities.
- Continue to plan for, invest in, and advocate for the development of key tourist infrastructure including increased accommodation options; tourism attractions and signage.
- Plan for improved tourism accommodation, camping grounds and associated facilities.

Goal 03 – Unique Heritage and Environment

Objective 01: Flourishing Natural Environments:

- Improve recreational access to natural environments with a focus on signage, access and safety.

Goal 04 – Quality Services and Infrastructure

Objective 03: Well-Planned Towns:

- Continue to monitor industry and economic trends and ensure town planning schemes respond appropriately to future housing, accommodation and commercial needs.

Goal 05 – Inspiring Governance

Objective 1: Effective Planning for the Future:

- Monitor trends, anticipate needs and capitalise on opportunities to build strong communities.

5.5 Ability of the Shire of Ashburton to Manage the Transaction

Summerstar Pty Ltd are responsible for all outgoings and maintenance during the term of the lease. The Shire's management relates to administering the terms and conditions of the lease which it is adequately resourced to do. This will be undertaken by Shire Officers with legal counsel sought if required.

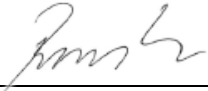
6. Supporting Documents

The following documents have informed the development of the business plan.

- Concept Plan
- Stage One Plans
- Stage Two Plans
- Stage Three Plans

7. Signing Of Business Plan

I confirm that the information contained in this Business Plan is true and correct.

Signed	
Approved by	Rob Paull
Position	Chief Executive Officer
Date	27 September 2019

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