

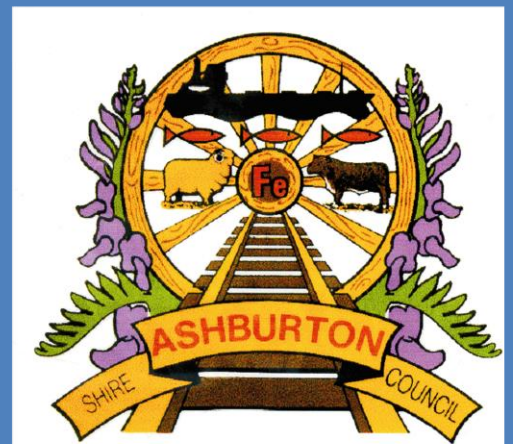


# MAJOR LAND TRANSACTION PLAN

Proposed disposal of Portion of **Lot 16 Onslow Road, Onslow**

October 2015

Submissions close 4:00 pm 7 December 2015



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## 1. Executive Summary

This Business Plan details the proposed disposal of Portion of Lot 16 Onslow Road, Onslow.

The Council's strategic objective is the disposal and development of surplus land owned freehold by the Shire, to meet the region's demand for affordable serviced industrial land, as identified in the Shire's Corporate Business Plan and 10 Year Strategic Community Plan:

- To establish a Light Industrial Subdivision that provides an appropriate location to accommodate support services to the Onslow Aerodrome and Onslow Town Centre, which will help foster economic growth of the region and the State, whilst minimising the impact on Onslow;
- To develop a functional, flexible and efficient Light Industrial Area which effectively uses land, servicing and resources;
- To ensure the development responds to market demand and the context of the site within the Aerodrome Redevelopment;
- To enable land to be delivered to market at the earliest opportunity; and
- To assist in the delivery of social and economic benefits to the town of Onslow and the surrounding region whilst also using every reasonable endeavour to minimise any unwanted or adverse community impacts.

Onslow Marine Support Base Pty Ltd (OMSB) is a private company established to develop the marine supply base facility in Beadon Creek (Front Edge). To support this development, OMSB proposed to acquire the full site to be excised (portion of Lot 16) for the establishment of a business and employment precinct.

Council, at its Ordinary Meeting held on 21 October 2015, resolved to;

1. Authorise the Chief Executive Officer to enter into a major land transaction in accordance with Section 3.59 of the *Local Government Act 1995* and present any submissions to Council for consideration;
2. Following close of submissions of advertising of the Business Plan as per Section 3.59 of the *Local Government Act 1995*, and if no submissions are received in respect to the major land transaction for Lot 9500 Onslow Road Onslow, proceed with the disposition consistent with what was proposed;
3. Accept Onslow Marine Support Base Pty Ltd's proposal for acquisition of Lot 9500 Onslow Road, Onslow; and
4. Delegate authority to the Chief Executive Officer to finalise and execute a contract of sale with Onslow Marine Support Base Pty Ltd, generally in accordance with the contents of this report.

The Shire of Ashburton is now seeking public submissions on the proposed disposal of portion of Lot 16 Onslow Road, Onslow.

Following close, any submissions will be considered by Council at the Ordinary Meeting of Council in January 2016. If no submissions are received in respect to the major land transaction, the disposition, consistent with what is proposed, will be progressed to contract of sale.

Public Submissions close at 4.00pm on Tuesday 8 December 2015.

Neil Hartley  
**CHIEF EXECUTIVE OFFICER**

## 2. Business Plan Objectives

This Business Plan is designed to:

- a) Inform the public with respect to the Shire of Ashburton's proposal to undertake a 'Major Land Transaction' in respect to the disposal of Portion of Lot 16 Onslow Road, Onslow;
- b) Provide the opportunity for the public to make submissions regarding the Business Plan and the proposed disposal of this property; and
- c) Satisfy the requirements of Section 3.59 of the *Local Government Act 1995*

## 3. Major Land Transaction Overview

### 3.1 Background

In 2008, the State Government announced the establishment of the Ashburton North Strategic Industrial Area (ANSIA) 11 kilometres southwest of Onslow. The ANSIA comprises a Port area (Ashburton North Port) and associated 8,000 hectares of Strategic Industrial Area, potentially accommodating two LNG processing facilities, two domestic gas processing facilities and multiple downstream processing industries. The Strategic Industrial Area includes two sites for construction worker accommodation and two sites for general industry.

A direct result of the ANSIA is the continued expansion of the resources sector in the Onslow region, impacting directly on the availability of serviced industrial land for contractors and local businesses.

Industrial land development in Onslow was identified as one of the four key priorities for economic strength and development in the Shire of Ashburton's Living Life – Making it Happen – 2013 – 2017 Corporate Business Plan. Service contracts and subsidiary works underpinning the ANSIA and Beadon Creek development may further stimulate commercial growth, strengthening the local economy.

In June 2015, representatives from Onslow Marine Support Base met with Shire Officers where they expressed an interest in acquiring the full site to be excised, Lot 9500, for support of the Front Edge Facility at Beadon Creek. The development concept proposed on 1 July 2015 pledged to redesign the Shire of Ashburton WAPC subdivision plan to match user demand, establishing a business and employment precinct.

The revised offer of \$1,280,000 was presented to Council whereby Council required OMSB, prior to the conclusion of public advertising as per Section 3.58 of the *Local Government Act 1995*, provide a detailed proposal of development/business case. One submission was received from the local public advertising, generally supporting the proposal, which was presented to Council at the 8 September 2015 Ordinary Meeting of Council.

To ensure the commercial compensation from the sale of Lot 9500 guaranteed the best outcome for the Onslow community Council negotiated further, resulting in \$2,000,000 being accepted at the 21 October 2015 Ordinary Meeting of Council.

### 3.3 Site Description

The subject land described as portion of Lot 16 on Deposited Plan 161140 is an Englobo parcel with an area of 34.35ha, located approximately 4 kilometres south of the Onslow Town Centre. The area of the proposed mixed business subdivision is located to the west of the Onslow Airport, south of the entry road to the airport and is bound by the existing airport facilities and Onslow Road.



The lot forms a generally triangular shaped parcel and is bound by Onslow Road to the west, tidal marshlands to the east and is located approximately four kilometres south of the Onslow town centre.

The site has been previously cleared and consists of undulating land with low lying tidal areas to the east of the site, sand dunes covered with low scrub to the west and a salt production pond to the south.

Onslow Airport is also located on Lot 16 and is serviced by one runway, used primarily for General Aviation and proposed future Regular Passenger Transport.



### 3.5 Program

OMSB's vision is to acquire and develop the Land to enable a range of businesses to establish themselves in Onslow, in turn elevating Onslow as a major service hub within the Pilbara region. This acquisition will deliver land to support OMSB's marine support base in Beadon Creek, which is anticipated to be fully operational by January 2017. This project includes a dredging campaign that will substantially enhance the capability of the marine facility to compete and attract more of the service work currently occurring offshore in the northern Carnarvon Basin. Onslow's potential service region, due to its strategic location, includes both onshore and offshore activities.

OMSB anticipate successful development of the Beadon Creek marine facility, combined with the development and promotion of the Land as a service hub will create some 100-150 new, permanent and long term jobs within Onslow.

Retention of the Englobo lot while leasing as required will enable OMSB to complete the initial stages of the development in shorter periods of time as offering the land leasehold to interested parties will alleviate the immediate need for subdivision processes (Title registration). As market interest is expressed, servicing and subdivision can be undertaken to meet user requirements prior to freehold sales.

Key User Milestone	Leasehold	Freehold	Leasehold Advantage
<b>Confirms Land Secured:</b>	Within 2 months	Between 5-11 months	3-9 months
<b>Commence Construction:</b>	By month 5	By month 29	24 months
<b>User Occupation:</b>	By month 12	By month 36	24 months

Due to the high costs and risks associated with the development of land in the Pilbara, including high construction mobilisation and de-mobilisation costs, a typical freehold lot development would require the development to be staged in reasonably large tranches. Typically, this would require significant pre-sales to mitigate risk.

Releasing the Land in leasehold format will enable first users to be in occupation of their premises within 6-12 months after settlement, with projected civil works to commence upon Settlement. A potential delivery program (subject to approval timeframes) is provided as follows:

OMSB PRELIMINARY LAND DELIVERY PROGRAM				
Action	Start Date	Days	Months	Complete Date
Shire Determination of Buyer Proposal	1/07/15	46	1.5	16/08/15
Documentation of Acquisition & Contract Execution	16/08/15	30	1.0	15/09/15
Buyer Due Diligence	15/09/15	90	3.0	14/12/15
Buyer DA Submission Date	15/09/15	60	2.0	14/11/15
Shire DA Approval	14/11/15	45	1.5	29/12/15
Shire secures rezoning gazettal - Assumed latest date	29/12/15	1	0.0	30/12/15
Shire secure Lot 9000 subdivision - Assumed latest date	29/12/15	1	0.0	30/12/15
Land Settlement	30/12/15	30	1.0	29/01/16
<b>First Tenant Occupation (Assuming no initial service requirements)</b>	<b>29/01/16</b>	<b>60</b>	<b>2.0</b>	<b>29/03/16</b>
Buyer construction tender & award	14/12/15	30	1.0	13/01/16
Buyer Civil Construction Works	13/01/16	180	5.9	11/07/16
Tenant / User Improvement Construction Works	12/02/16	180	5.9	10/08/16
<b>Tenant Occupation (allows for development of services and improvements)</b>	<b>10/08/16</b>	<b>30</b>	<b>1.0</b>	<b>9/09/16</b>
<b>TOTAL</b>	<b>1/07/2015</b>	<b>436</b>	<b>14.3</b>	<b>9/09/2016</b>

### 3.3 Design Information

OMSB proposes to acquire the whole of the subject land in its current undeveloped state. Preparation of a new development plan will be submitted for consideration by Shire of Ashburton's Principal Planner, addressing potential known user demand to create sufficient areas and infrastructure required to attract new users to Onslow.

The development concept is based upon compliance with the Mixed Business zoning under TPS 7, and applies the following fundamental design principles to the location of approved users across the Land as follows:

- A preference for smaller land use requirements typically supported by light vehicles to be located along the section of the airport road that faces the Onslow Airport terminal. These uses may include service and support businesses with higher built floor space requirements.
- Development of internal roads within the Land, linking a limited number of access points onto Onslow Road.

- A preference for the larger land use requirements typically supported by heavy vehicles to be developed in the areas of the site that do not front the airport access road adjacent to the airport terminal building.
- Vehicle and truck fuel services and lay up area to be positioned on the corner of Onslow Road and the airport road, where it will be highly visible and convenient for a range of users.
- Larger land requirement light industry, storage and logistic users to be located across the balance of the areas where OMSB can adjust the leasehold boundaries to meet the needs of the users.
- Uses that involve manufacturing and material preparation and mixing, for example to be located on the periphery of the Land with direct access to Onslow Road.
- All boundaries fronting to external roads will be provided with uniform fencing treatment.
- All development interfaces along the airport road will include higher quality uniform fencing and have a consistent form of landscaping treatment to ensure pleasant visual amenity to people arriving and departing via Onslow Airport.

These design principle are conceptually shown below. The landscape images shown are conceptual only. Final designs will be determined using landscape materials and plant selections that are appropriate to the location and sustainable in the arid environment whilst having regard to water availability.







## **4. Considerations**

Sale of the land is subject to the following conditions, which were agreed to by both parties:

### **4.1 Due Diligence**

The Shire of Ashburton providing OMSB with an exclusive 90 day period in which to undertake its due diligence investigations.

OMSB must notify the Shire of Ashburton in writing before the expiry of the Due Diligence period that it has satisfied its investigations, otherwise the Due Diligence will automatically be deemed not satisfied upon expiry of the due diligence period.

### **4.2 Zoning**

The Shire of Ashburton formally procures the rezoning of the Land to “Mixed Business”.

### **4.3 Subdivision Plan**

Shire of Ashburton achieving and / or confirming that all necessary consents to the Subdivision Plan set out in WAPC Subdivision Application 149939 have been procured.

### **4.4 Subdivision Consent**

Formal WAPC approval being granted for the Subdivision Plan with conditions that are acceptable to OMSB acting reasonably.

### **4.5 Issue of Title**

Issue of the Lot 9500 Certificate of Title as required to give effect to the Land and in accordance with the Subdivision Plan with caveats and easements acceptable to OMSB acting reasonably.

### **4.6 Easement**

The easement providing a right of carriageway being created over the portion of the Land referred to as the Airport Road, which provides access and services to the Airport facility. The extent of the easement area to be surveyed and mutually agreed by the Parties acting reasonably.

The easement is to include a provision for sharing of the cost to repair and maintain the roadway between the parties who have the benefit of the easement (Shire of Ashburton) and the burden of the easement (OMSB).

### **4.7 Land to be Unencumbered**

The Land being provided at Settlement to OMSB is to be unencumbered except for easements, caveats, liens, licenses or leases that the Shire of Ashburton has informed OMSB of, and that OMSB has consented to, during the Due Diligence period.

### **4.8 Development Application and Approval**

OMSB obtaining formal consent, with conditions acceptable to OMSB at its reasonable discretion, to a development application OMSB prepares for the development of the Land into multiple leasehold allotments.

In addition OMSB will be afforded absolute discretion in relation to acceptance of any development conditions relating specifically to any conditions that relate to the provision of power, water, sewer and drainage.

OMSB will be responsible for all of the costs associated with the preparation and submission of the development application.

Shire of Ashburton agrees to provide OMSB all relevant land owner consents, as reasonably required by OMSB, in order to submit the development application.

This condition is only valid if OMSB has prepared and submitted the development application to the relevant authorities before the expiry of the Due Diligence period.

#### **4.9 Penalty Interest**

In the event Settlement is delayed as a result of OMSB, then the Shire of Ashburton will be entitled to charge penalty interest on the Price calculated on the applicable CPI rate determined on a daily basis. This does not apply where Settlement is delayed as a result of the Shire of Ashburton.

#### **4.10 Non-Compete**

The Shire of Ashburton agrees that it will not offer or allow any of the balance of lot 16 to be leased or sold or allowed to be developed for any uses that would otherwise be suitable uses able to be accommodated on portion of OMSB's Land, for a period expiring on the earlier of:

- a) The date at which there is less than 50% of the Land available for either lease or for sale; or
- b) 5 years from Settlement.

### **5. Legislative Requirements**

#### **5.1 Preparation of a Major Land Transaction Business Plan**

Section 3.59 of the *Local Government Act 1995* details the process governing 'Commercial Enterprises' by local governments, including 'Major Land Transactions'.

A 'Major Land Transaction' is defined by the Act to be a land transaction that is not exempt under the Act, and where the total value of:

- (a) The consideration under the transaction; and
- (b) Anything done by the local government for achieving the purposes of the transaction,

is more, or is worth more, than \$2 million.

The Shire has received an initial independent valuation dated October 2013 for the subject property that indicates the anticipated disposal value to be between \$4M and \$5M and as such, the provision of S3.59 of the Local Government Act applies and the Council is required to undertake a Major Land Transaction Business Plan.

Before entering into a 'Major Land Transaction', the Shire is required to prepare a Business Plan that includes an overall assessment of the land transaction including:

- Expected effect on the provision of services and facilities by the Shire;
- Expected effect on other persons providing services and facilities in the region;
- Expected financial effect on the Shire;
- Expected effect on the Shire's Plan for the Future;
- The ability of the Shire to manage the performance of the transaction; and
- Any other matter prescribed for the purposes of this subsection.

This Business Plan has been written so as to comply with the requirements of Section 3.59 "Commercial Enterprises by Local Governments" of the Local Government Act 1995 and the Local

Government (Functions and General) Regulations 1996 and to provide members of the public with sufficient information so as to make an informed submission in respect to this proposal.

## **6. Assessment of Major Land Transaction**

### **6.1 Effect on the Provision of Facilities and Services by the Shire**

The sale proceeds from portion of Lot 16 Onslow Road, Onslow will provide the Shire of Ashburton with additional revenue to provide best practice services and facilities to its growing community. The proceeds will be used as contributions to fund current and future Shire capital works and projects.

In considering the development and sale of the subject Lot, Council previously considered other options including the development of the subdivision by the Shire of Ashburton or a joint venture proposal with a third party developer.

Council determined that given other high priority projects within the district and community of Onslow, and the impact that this development would place upon existing Shire of Ashburton resources (both human and financial), it is preferred the property be sold to a private developer subject to satisfaction of financial and development criteria.

### **6.2 Effect on Other Persons Providing Facilities and Services in the Region**

The proposal from OMSB includes the development of serviced mixed business lots that will be available to other businesses for purchase. As there is an assessed shortfall of such properties within Onslow this sale and the subsequent development of the property for this purpose is not deemed to have an adverse impact on other persons providing facilities and services within the region.

It is considered that the availability of land arising from the sale of Portion of Lot 16 Onslow Road will enable the development of businesses that have a specific synergy to development activity within Onslow.

It is anticipated that the sale and subsequent development of Portion of Lot 16 Onslow Road, Onslow will enhance and broaden the economic development of the area with an increase in investment, residential population and employment opportunities, benefiting the Onslow Community.

### **6.3 Expected Financial Effect on the Shire of Ashburton**

The \$2M offer proposed will fund strategic priority services and facilities as detailed in the Strategic Plan 2012-2022 and Corporate Business Plan 2013-2017.

There will also be rateable income generated from this property once fully developed to its potential. The value of this income will be determined through future budgetary processes.

The costs associated with the proposed disposition will total approximately \$37,000 including marketing fees, legal fees and any associated statutory fees. These costs have been provided for in the budgetary process. The net benefit to the Shire is therefore estimated to be \$1.963M.

The estimated costs to the Shire of Ashburton to proceed with the disposal of land are:

Description	Amount	Total
EXPENDITURE		
Advertising of Business Plan	\$2,000	
Settlement Fees	\$4,000	
Solicitors Fees	\$5,000	
Sundry	\$2,000	

Valuation	\$4,000	
Subdivision Costs	\$20,000	
<b>Estimated Total Expenditure</b>		<b>\$37,000</b>
<b>INCOME</b>		
Proposed Purchase Price	\$2,000,000	
Less Expenditure	\$37,000	
<b>Expected Net Income</b>		<b>\$1,963,000</b>

#### 6.4 Effect on Matters Referred to in the Plan for the Future

The proposed disposition of Portion of Lot 16 Onslow Road, Onslow accords with the vision and aspirations of the community and the strategies of *Living Life*, the Shire of Ashburton's 10 Year Community Strategic Plan 2012-2022. The proposed disposition is reinforced in the Corporate Business Plan, which reflects the challenges and opportunities facing the Council over the medium term. Industrial land development is identified as one of the four key priorities for economic strength and development for the Shire and is also considered an essential underpinning of sustainable population growth.

The sale proceeds from the disposition will be used to fund other strategic priority services and facilities and as such the proposed disposal of the subject property will enable an acceleration of the Plan for Future and a more expeditious delivery of the projects contained within this document.

#### 6.5 Ability of the Shire to Manage the Undertaking

The Shire of Ashburton's Strategic and Economic Development department is sufficiently resourced, skilled and experienced to manage the proposed sale of Portion of Lot 16 Onslow Road, Onslow. Council provided sufficient funding to utilise the professional services of market valuers and property consultants to provide specialist advice on an as needs basis to the Shire to assist with the disposal of portion Lot 16 Onslow Road, Onslow and to supplement already existing resources and capacity.

It is not considered that the management of the proposed sale of this property will have any adverse impacts on the delivery of essential services and facilities to the community or the district.

### 7. Business Plan Advertising and Submissions

Section 3.59 of the *Local Government Act 1995* requires the Council to give state-wide and local public notice of the Major Land Transaction inviting public submissions for a minimum period of six weeks.

A notice advertising this Business Plan and seeking public submissions in respect to its content will be placed in the West Australian on Saturday 24 October 2015 and the Pilbara News (district newspaper) on Wednesday 28 October 2015. Notices will also be placed on public notice boards at Shire of Ashburton facilities including the Administration Centre, Shire Library, Onslow Shire Offices and Paraburdoo Shire Library. This notice and Business Plan will also be available to view at [www.ashburton.wa.gov.au](http://www.ashburton.wa.gov.au).

Submissions in respect to this Business Plan are to be made in writing to the Chief Executive Officer and received no later than 4.00pm Monday 7 December 2015.

Submissions are to be addressed to:

Chief Executive Officer  
Shire of Ashburton



PO Box 567  
Tom Price WA 6751

*or*

[soa@ashburton.wa.gov.au](mailto:soa@ashburton.wa.gov.au)