

# Burns Beach Major Land Transaction Business Plan





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## 1. Introduction

The City of Joondalup (City) has prepared this business plan to be exhibited for public comment to satisfy the requirements of the *Local Government Act 1995 (Act)* where a local government is considering entering into a major land transaction.

The City is proposing to lease a portion of Reserve 42219, Lot 11485 on Deposited Plan 217974, 40 Ocean Parade, Burns Beach, WA 6028 from the State Government to develop a food and beverage facility on the site and sub-lease the facility to a commercial operator.

This document provides the required business plan details for a major land transaction which involves the disposal of the property.

A six-week public notice period from **Thursday 7 November 2024 – Wednesday 18 December 2024** (both dates are inclusive) allows the community to make a submission on the proposed disposal.

Council seeks the input of its community as an integral part of the decision-making process.

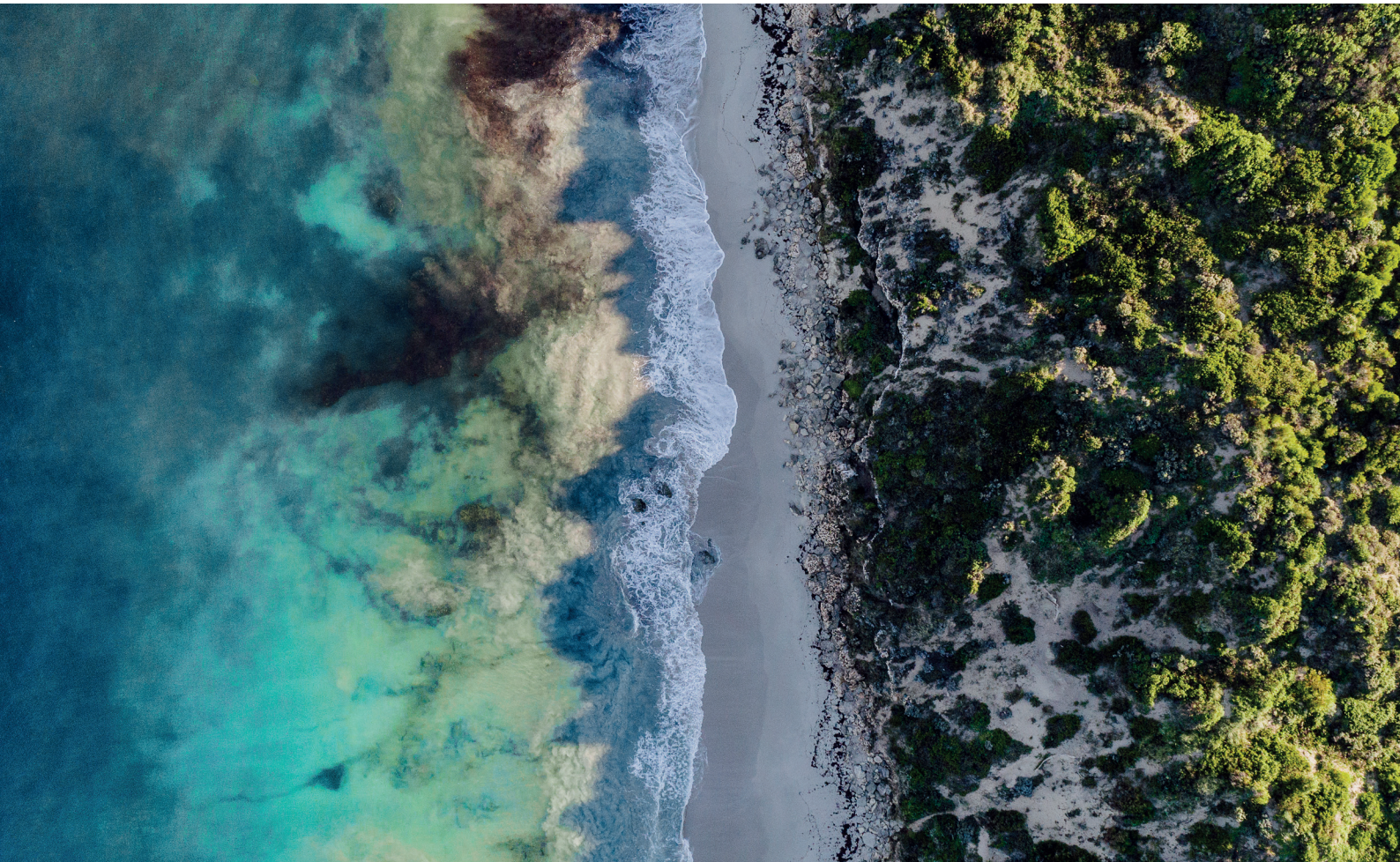
Please send any submissions by email to **info@joondalup.wa.gov.au** or by mail to

The Chief Executive Officer  
City of Joondalup  
PO Box 21  
Joondalup WA 6919

Submissions must be received by **4.00pm** on **Wednesday 18 December 2024**.

**JAMES PEARSON**  
Chief Executive Officer





## 2. Background

The City is progressing a project to provide a food and beverage facility in the suburb of Burns Beach. It is considered that this project will advance the City’s ability to attract visitors and tourists for entertainment and socialising and has the ability to provide employment, business opportunities and a greater awareness and enjoyment of the City’s natural assets.

The proposed facility will be environmentally, socially and commercially sustainable providing for the lifestyle and culture of Western Australians whilst creating an opportunity for greater social and economic contribution by tourists.

The proposed development site is a 1000sqm (approximately) portion of Reserve 42219, Lot 11485 on Deposited Plan 217974, 40 Ocean Parade, Burns Beach, WA, 6028. The site is located within a parks and recreation Crown land reserve, managed by the City on behalf of the Department of Planning Lands and Heritage (DPLH).

In 2021 the City submitted a proposal to DPLH seeking to excise a portion of Reserve 42219 for the grant of a lease for the construction of the café / restaurant facility. The City was advised that subject to the approval of the Minister for Lands the DPLH supports ‘in-principle’ a lease term of 21 years plus the option of a further term of 21 years pursuant to section 51 and 79 of the *Land Administration Act 1997 (LAA)*.

The City is currently negotiating the lease terms with DPLH for the required portion of Crown land. On acquiring a lease for the site, the City proposes to seek development approval for a food and beverage facility and construct the building. The building would then be leased (disposed) to commercial operators.

The approximate location of the proposed disposal site is shown in Attachment 1.

## 3. Local Government Act 1995 requirements

This business plan has been prepared to comply with the provisions of Section 3.59 of the *Local Government Act 1995* and the *Local Government (Functions and General) Regulations 1996*.

The Act details the process governing ‘commercial enterprises’ by local governments, including ‘Major Land Transactions’. The Act requires that before a local government enters into a major land transaction it is to prepare a business plan that complies with the requirements of the Act and any associated Regulations.

A ‘Major Land Transaction’ means the acquisition, disposal (sell, lease or otherwise dispose of, whether absolutely or not) or development of land 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 purpose of the transaction; is more or is worth more than either \$10,000,000 or 10 per cent of the operating expenditure incurred by the local government from its municipal fund in the last completed financial year

To meet the public notice requirement in the Act, the business plan will be advertised in the West Australian newspaper inviting public submissions on the proposal detailed in the business plan for a period of

six weeks. Additionally, public notice will be included in the *PerthNow Joondalup* newspaper, on social media and a notification sign will be placed in a prominent position at the proposed disposal site.

For the duration of the public notice period, the business plan will be available online at [joondalup.wa.gov.au](http://joondalup.wa.gov.au) or a hardcopy can be obtained from the Customer Service area of the City’s Administration Centre at 90 Boas Avenue, Joondalup during normal office hours.

Council will consider any submissions made during the public notice period and may resolve by Absolute Majority to proceed with the transaction as proposed. In the event that Council makes significant changes to the proposal, a further six-week advertising period will take place.

Submissions on this business plan are to be forwarded to the Chief Executive Officer, City of Joondalup, PO Box 21, Joondalup WA 6919 or emailed to [info@joondalup.wa.gov.au](mailto:info@joondalup.wa.gov.au)

**JAMES PEARSON**  
Chief Executive Officer







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

The proposed leased building is expected to deliver a new food and beverage (hospitality) facility at the Burns Beach location shown on Attachment 1. The building developed by the City will be leased to a commercial operator with the lease agreement providing the City with an annual rent and local government rates income.

The operation of the food and beverage facility is expected to deliver a financial return to the City over the life of the project and is not expected to negatively impact the City’s ability to delivery facilities and services.

The acquisition and disposal of the building through a lease arrangement will assist the City to enhance visitor attraction to the region, boost tourism, and create jobs, while promoting local natural assets.

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

The City arranged a feasibility study in 2017 to identify the viability of this proposal. The feasibility study, at the time, identified that there was sufficient capacity and latent spend in the catchment area to support the continuation of the project.

It is recognised that since the 2017 feasibility study, other food and beverage facilities in the Burns Beach/Iluka areas are now in operation. The intention and

focus of the City’s proposal is not to compete, but to facilitate enhancements connected to the redevelopment of the Burns Beach coastal node project, create resident benefits by activating the City’s coastline and encourage tourism to the City – all of which is expected to have a direct positive impact for the local community and businesses.

## 6. Expected financial effect on the Local Government

The City has prepared financial evaluations for the project at each stage of the project. In 2021 a business case was endorsed by Council for the purposes of community consultation, which included financial evaluation. The whole of life costs for the project would have a positive financial effect on the City because the recurring lease income would be adequate to pay back the initial investment costs by the City.

The City continues to update the financial evaluation for the project, the most recent update was in May 2024. The key outcomes of the 2024 update were:

- One-off Capital costs estimated at \$5.2 million.
- Recurring expenses of \$26,000 per year (ground lease to Crown and structural maintenance costs of the building).
- Recurring income of \$344,000 per year comprising of lease income and new rates income.
- Depreciation of the building of \$156,000 per year.
- Whole of Life positive impact (over 42 years) of \$16.5 million.

The lease income to the City from the operator and the ground lease payable by the City to the Crown would be subject to further negotiation. The capital costs are subject to change as part of economic conditions and tenders.

Note that the financial evaluations undertaken also include an evaluation of other investment in the area referred to as the “Coastal Node Redevelopment”, which is outside the scope of this business plan and therefore not included in the financial summary above.

Since 2021 when the business case was endorsed, the project has been included in the City’s Strategic Financial Plan and Capital Works Program. The project cashflows are reviewed each year and where necessary the Strategic Financial Plan and Capital Works Program are updated.

As part of the 2024/25 adopted budget (item CJ156-06/24 refers) the City has:

- i) Design phase – set aside \$665,000 budget in 2024/25
- ii) New reserve – created a new reserve specifically for this project. The reserve is set up with \$5.2 million to be used for the construction of a new public café/kiosk/restaurant.

The City evaluates its financial sustainability using a set of guiding principles, key ratios and an overall financial sustainability indicator. The Burns Beach Café/Kiosk/Restaurant project will contribute positively to some of the key ratios and overall financial sustainability of the City.



# 7. Expected effect on matters referred to in the Local Government’s plan prepared under section 5.56

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

In accordance with this provision, the City of Joondalup has developed a 10-Year Strategic Community Plan - *Joondalup 2032*, which encompasses values and principles that address the

desires of the Joondalup community. The plan is operationalised through the 5-Year Corporate Business Plan. The Burns Beach café/restaurant development initiative is listed in the 5-year Corporate Business Plan.

# 8. The ability of the Local Government to manage the undertaking or the performance of the transaction

The City of Joondalup ordinarily administers large-scale financial undertakings in its day-to-day business as a local government entity, with the assistance of suitably qualified professionals and specialist advisors as required.

The City has the capability and capacity to implement the proposed transaction as set out in this business plan having direct negotiation and management experience on Crown land and commercial food and beverage facility lease arrangements.

The progression of land tenure negotiations to secure the required Crown land lease for the facility will be coordinated by the City with key decisions being subject to Council and State Government approval. Development of the site will be subject to normal planning and building approval processes administered by the City and the State Government.

# Attachment 1: Location of disposal site (approximate - shown in red)



Coastal Node Concept Design



Aerial view





T: 08 9400 4000

E: [info@joondalup.wa.gov.au](mailto:info@joondalup.wa.gov.au)

90 Boas Avenue Joondalup WA 6027

PO Box 21 Joondalup WA 6919

[joondalup.wa.gov.au](http://joondalup.wa.gov.au)



*This document is available in alternative  
formats upon request.*