

MAJOR LAND TRANSACTION

OCEAN REEF MARINA

Pursuant to Section 3.59(3) of the Local Government Act 1995

BUSINESS PLAN

PROPOSED DISPOSAL OF LOTS 1029 AND 1032, OCEAN REEF

February 2021

INVITATION

At its meeting held on 16 February 2021 (Item CJ019-02/21 refers) the Joondalup Council agreed to approved the Major Land Transaction Business Plan for the proposed disposal of Lots 1029 and 1032, Ocean Reef.

The City of Joondalup (the City) invites people to provide a submission on the Major Land Transaction Plan.

The City proposes to undertake a Major Land Transaction to facilitate disposal of two land parcels, owned by the City in freehold. The land parcels will form part of the Ocean Reef Marina development.

In accordance with section 3.59 of the *Local Government Act 1995*, the City is required to prepare a Business Plan for the transaction and give state-wide public notice of the proposal.

Community members may make submissions in relation to the transaction to the City's Chief Executive Officer via the following methods:

Mail: PO Box 21, Joondalup WA 6919
Email: info@joondalup.wa.gov.au
In person: City of Joondalup Administration, 90 Boas Avenue, Joondalup WA 6027

Submissions received will assist Council in making a decision on whether to proceed with the advertised transaction.

Copies of the Business Plan are available from:

- City of Joondalup website – www.joondalup.wa.gov.au
- City of Joondalup Administration
- Joondalup Library

Printed copies of the Business Plan may be obtained from:

Tanja Panic
City of Joondalup
90 Boas Avenue
Joondalup WA 6027
Tel: 9400 4328
Email: tanja.panic@joondalup.wa.gov.au

CLOSING DATE FOR SUBMISSIONS:

CLOSE OF BUSINESS – MONDAY 19 APRIL 2021

MAT HUMFREY
Acting Chief Executive Officer

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1. EXECUTIVE SUMMARY

The Ocean Reef Marina Business Plan (this Plan) details the proposed transfer of the following land parcels (the Transaction), owned in freehold by the City of Joondalup (the City):

- Lot 1029 on Diagram 57604, 362 Ocean Reef Road, Ocean Reef, WA 6027
- Lot 1032 on Plan 13198, 400 Ocean Reef Road, Ocean Reef, WA 6027

The proposed Transaction is to facilitate the construction of the Ocean Reef Marina (the Marina) by DevelopmentWA, on behalf of the State Government. The Marina will provide a world class, vibrant marina precinct comprising of recreational, boating, tourism, residential, retail and commercial facilities. The Marina development is consistent with the City's endorsed Project Philosophies and Parameters endorsed by Council at its meeting held on 5 May 2009 (Item JSC5-05/09 refers).

In compliance with Section 3.59 of the *Local Government Act 1995* (the Act), the City is required to prepare a business plan which includes an overall assessment of the proposed major land transaction and give state-wide public notice that the it proposes to enter into the major land transaction. Submissions about the proposed Transaction may be made and, taking into consideration submissions received, Council can decide whether to proceed with the proposed Transaction.

The proposed Transaction is consistent with *Joondalup 2022 - Strategic Community Plan 2012-2022 (Updated July 2018)*, the Memorandum of Understanding between the City and DevelopmentWA executed in February 2018, the proposed draft Land Transfer Deed between the City and State Government and the Heads of Agreement between the City and DevelopmentWA (approved for execution by Council in February 2021, Item CJ019-02/19 refers). Should the proposed Transaction be approved by Council, this Plan will inform the preparation and execution of an Ocean Reef Marina Development Agreement between the City and DevelopmentWA.

A detailed assessment of the proposed Transaction indicates no detrimental impact on existing City services and there will be sufficient operating income from the Marina to meet the estimated maintenance and future capital replacement costs.

The Heads of Agreement outlines the key principles and undertakings the City and DevelopmentWA have agreed to which form the basis of the financial projections included in section 6 of this Plan.

2. OBJECTIVES

2.1 Joondalup 2022 – Strategic Community Plan 2012-2022

The Marina development is aligned to the following objectives and initiatives of *Joondalup 2022*:

Theme	Objective	Strategic Initiative
Financial Sustainability	Major project delivery: To effectively plan for the funding and delivery of major projects	Support new projects that balance identified financial risk against effective management approaches.
	Financial diversity - To be less reliant on rates as the primary basis for revenue by leveraging alternative income streams.	Identify opportunities for new income streams that are financially sound and equitable.
Quality Urban Environment	Quality open spaces: To provide facilities of the highest quality which reflect the needs of the community now and into the future.	Apply a strategic approach to the planning and development of public open spaces Employ quality and enduring infrastructure designs that encourage high utilisation and increased outdoor activity.
Economic Prosperity, Vibrance and Growth	Destination City: To become a destination city where unique tourism opportunities and activities provide drawcards for visitors and high amenity for residents.	Facilitate the establishment of major tourism infrastructure. Encourage diverse accommodation options.
	Regional collaboration: To be immersed within a region that is complementary and supportive of broader strategic outcomes.	Undertake planning within a regional context Drive new employment and infrastructure opportunities on a regional basis.
The Natural Environment	Environmental resilience: To continually adapt to changing local environmental conditions.	Understand the local environmental context. Identify and respond to environmental risks and vulnerabilities. Demonstrate current best practice in environmental management for local water, waste, biodiversity and energy resources.

2.2 Business Plan Objectives

This Plan aims to:

- Comply with the requirements of Section 3.59 of the Act.
- Provide details of the City's intention to undertake a major land transaction and dispose of Lot 1029 and Lot 1032 to facilitate the development of the Marina.
- Seek community submissions on the proposed Transaction as outlined in this Plan.

3. LEGISLATIVE REQUIREMENTS

3.1 Major Land Transaction Business Plan

Section 3.59 of the Act outlines the process governing Commercial Enterprises by local governments, which includes Major Land Transactions.

The Act defines a Major Land Transaction as:

“a land transaction other than an exempt land transaction if 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 the amount prescribed for the purposes of this definition.”

The amount prescribed for the purposes of the definition of Major Land Transaction under Section 8A(1) of the *Local Government (Functions and General) Regulations 1996* (the Regulations) is:

- (a) if the land transaction is entered into by a local government of a district of which is in the metropolitan area or a major regional centre, the amount that is the lesser of –*
 - (i) \$10,000,000; or*
 - (ii) 10% of the operating expenditure incurred by the local government from its municipal fund in the last completed financial year;*

Before entering into a Major Land Transaction, the City 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 City
- expected effect on other persons providing services and facilities in the region
- expected financial effect on the City
- expected effect on the City’s plan for the future (s5.56 of the Act)
- the ability of the City to manage the performance of the transaction
- any other matter prescribed for the purposes of s3.59(3) of the Act.

This Plan has been written so as to comply with the requirements of s3.59 “Commercial Enterprises by Local Governments” of the Act and Part 3 of the Regulations and to provide members of the public with sufficient information so as to make an informed submission in respect to this proposal.

3.2 Business Plan Advertising and Submissions

Section 3.59(4) of the Act requires the City to give state-wide and local public notice of the Major Land Transaction through the advertising of a business plan for a period of not less than six weeks. The community may make submissions which will be taken into consideration before a decision to proceed with the Major Land Transaction is made by Council.

Submissions in respect to this Plan must be made in writing to the Chief Executive Officer via:

Mail: PO Box 21, Joondalup WA 6919
Email: info@joondalup.wa.gov.au
In person: City of Joondalup Administration, 90 Boas Avenue, Joondalup 6027
Closing date: Monday 19 April 2021

4. OVERVIEW

4.1 Background

In 2004 the State Government provided the City with a financial contribution of \$700,000 towards the development of a concept plan and structure plan for a world class recreational, residential, boating and tourism development at Ocean Reef.

In April 2007 Council agreed to the establishment of three committees to contribute to the development of the Ocean Reef Marina Concept Plan:

- Ocean Reef Marina Steering Committee
- Ocean Reef Marina Community Reference Group
- Ocean Reef Marina Committee.

The City also established a Project Team to provide expertise in the development of a concept plan (through an iterative process).

In May 2009 Council (Item JSC5-05/09 refers) endorsed a number of guiding principles and philosophies for the development of the Ocean Reef Marina which included:

- Development Vision
- Environmental Strategy
- Governance and Fiscal responsibility
- Liaison protocol
- Commerciality

Preliminary studies, reviews and visioning by the consultants, consultation with the Ocean Reef Marina Community Reference Group and Ocean Reef Marina Government Steering Committee resulted in the presentation of Concept Plan 7 to Council (5 May 2009, Item JSC7-05/09 refers) for endorsement for community consultation.

An extensive community consultation process was undertaken resulting in the return of 11,728 completed surveys with 93.9% of respondents in favour of developing the marina and 95.6% in support of the proposed concept plan. Following presentation of the results of the community consultation, in December 2009 the Council directed the City to proceed with the preparation of the Business Case and Structure Plan for the development.

Following a financial analysis of the Ocean Reef Marina concept plan in 2010, amendments were made that improved the net cash flow and suggested that the plan had the potential to be financially feasible.

The plan further evolved as a result of specific consultant inputs, detailed expert assessment and further financial modelling. Minor amendments were also made following comments from

various government agencies with respect to the Metropolitan Region Scheme (MRS) Amendment request.

The City has always maintained that it did not have the capacity to bring the development to fruition without a joint venture in association and agreement with the State Government or third parties.

Executed in 2012 the original Memorandum of Understanding (MOU) acknowledged the shared commitment between the City and State Government (as joint landowners) in bringing the project to fruition. The MOU provided the impetus to seek and obtain a high level of engagement with the various departments and agencies.

Once the planning and environmental approval processes had been substantially progressed, in October 2015 the City requested the then Minister for Planning to initiate action for the State Government to assume the role of proponent for the Ocean Reef Marina.

To facilitate the request the Minister directed LandCorp (now DevelopmentWA) to undertake a review of the concept plan and feasibility. Following completion of this review, the State Government announced that it would assume the lead role for the project and a detailed business case and Cabinet Submission would be prepared for consideration.

In 2016 DevelopmentWA established a new Government Steering Committee to oversee the progression of the development.

Endorsed by Council in February 2018 (Item CJ031-02/18 refers), the City and DevelopmentWA executed a new MOU that sets out the roles of the Parties and outlines how they will work together to implement the project as approved by the State Government. The MOU covers such matters as:

- progressing the statutory approvals
- the development of a Marina Management Agreement (in collaboration with the Department of Transport)
- management of the land-based assets
- the City's potential contribution to the cost of the community infrastructure (to be the subject of a future agreement)
- stakeholder and community engagement
- the City's landholdings at the Ocean Reef Marina site
- land assembly and seabed license requirements
- transfer to the City of the \$500,000 provisioned in the 2016-2017 State Government budget for the Metropolitan Region Scheme (MRS) Amendment and Public Environmental Review (PER) works completed by the City
- transfer of proponenty from the City to DevelopmentWA
- engagement and payments to project consultants
- acknowledgement of the requirement for additional agreements between the City and DevelopmentWA (as required).

Clause 6.1 of the MOU outlines the City's responsibility in terms of its freehold land:

“6.1 The City agrees that it shall:

- (f) *Not dispose of or otherwise deal with land it owns within the area of the Project (27 hectare area comprising Lot 1032 on Plan 13198 and Lot 1029 on Diagram 57604) which would materially affect or restrict the implementation of the Project.*
- (g) *Contribute the portion of City owned land required for the Project for an agreed market value (assumed to be nominal) consideration. The methodology used to value the required Project land to be agreed between the Parties.”*

The current concept plan prepared by DevelopmentWA requires the following City-owned land to be contributed to the project:

• Lot 1032	2.69 hectares	(total lot)
• Lot 1029	<u>8.62</u> hectares	(portion of the lot)
Total	11.31 hectares	

Since the execution of the current MOU, the City and DevelopmentWA have negotiated and developed the following draft agreements:

- Heads of Agreement
- Development Agreement
- Land Transfer Deed
- Land Assembly Strategy

Reports on the status of the negotiations have been presented to Council, through the Major Projects and Finance Committee, on a regular basis; the most recent being the meeting held on 2 November 2020 (Item 1 refers). At that meeting it was agreed that the Major Projects and Finance Committee notes:

- “1 *the status of the Ocean Reef Marina project as outlined in this Report;*
- 2 *a report on the preparation of the Ocean Reef Marina Development Agreement between the City and DevelopmentWA will be presented to the Major Projects and Finance Committee at a future meeting;*
- 3 *a draft Ocean Reef Marina Business Plan will be presented to Council, via the Major Projects and Finance Committee, at future meeting.”*

4.2 Project Description

The Ocean Reef Marina development site is located on the coast at Ocean Reef and when fully developed will cover a land/sea area of approximately 91 hectares (Figure 1). The site extends from just north of Swanson Way to north of Resolute Way, Ocean Reef. The site includes Lots 1029 and 1032 (City owned land), Foreshore Reserve 20561, Groyne Reserve 36732 and Breakwater Reserve 39014 (both vested in the City) and a portion of Water Corporation land at Lot 1033. The site currently consists of a boat launching facility, parking for vehicles and boat trailers, reserves, freehold land and the Ocean Reef Sea Sports Club and the Marine Rescue Whitfords.

The current Concept Plan (Figure 2), prepared by the DevelopmentWA, was endorsed for community engagement by the Government Steering Committee in August 2018. The refined plan was developed following an extensive review process undertaken by the DevelopmentWA Project Steering Group with considerable input from the Department of Transport.

The current Concept Plan proposes the following:

- 12,000 square metres of retail / commercial space
- capacity for 550 boat pens and 200 boat spaces
- 1,000+ dwellings including single dwellings, apartments, short stay and hotel rooms
- approximately 4,700 car and boat trailer parking
- facilities for the Ocean Reef Sea Sports Club and Marine Rescue Whitfords.

4.3 Land Tenure

The Ocean Reef Marina site consists of the following land parcels (Figure 3):

Lot Number	C/T Number	On Plan	Registered Proprietor
9000	2701/335	DP 54595	Water Corporation
1032	1667/921	P 13198	City of Joondalup
1029	1957/865	D 57604	City of Joondalup
45122/12803	LR3047/762	P 15142	State of Western Australia (Interest Holder: City of Joondalup)
47831/15446	LR3133/571	DP 40340	State of Western Australia (Interest Holder: City of Joondalup)
47831/15445	LR3133/570	DP 40340	State of Western Australia (Interest Holder: City of Joondalup)
36732/10098	LR3048/270	DP 216093	State of Western Australia (Interest Holder: Water Corporation)
39014/10518	LR3146/799	DP 216093	State of Western Australia (Interest Holder: Minister for Transport)
39014/10519	LR3146/800	DP 216093	State of Western Australia (Interest Holder: Minister for Transport)
40064/10969	LR3049/548	P 15655	State of Western Australia (Interest Holder: Water Corporation)

Lots 1032 and 1029 are the subject of the Major Land Transaction and this Plan

Figure 1: Ocean Reef Marina Regional Location

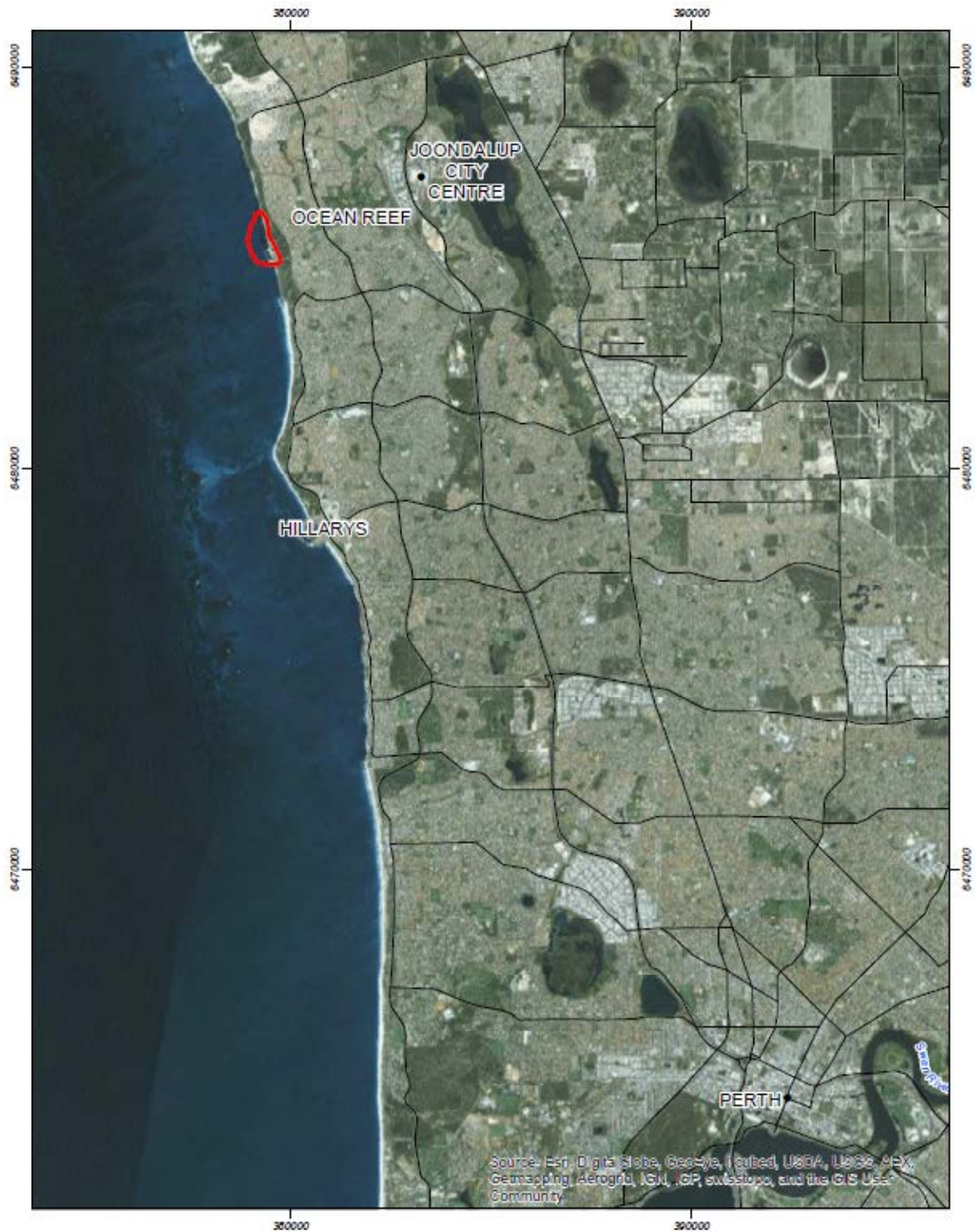
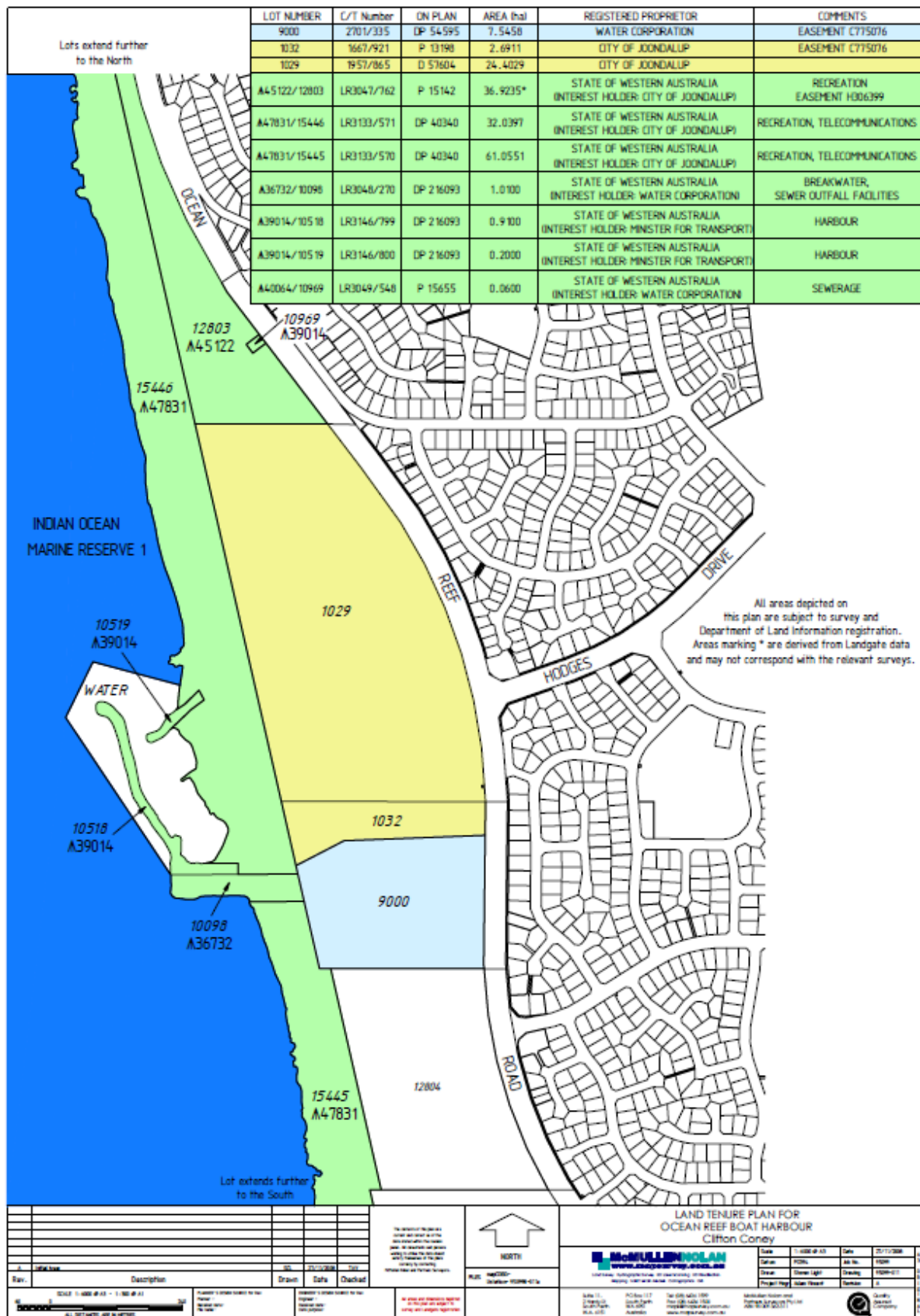


Figure 2: Current Concept Plan



Figure 3: Ocean Reef Marina Current Land Tenure



4.4 Land Zoning

Improvement Scheme No 1 – Ocean Reef Marina, prepared in accordance with the *Planning and Development Act 2005* and gazetted on 30 September 2020, provides land use and development controls over the Marina site. The improvement scheme also provides heads of power to prepare policies (including Design Guidelines) and local development plans.

The Improvement Scheme gives effect to *Ocean Reef Improvement Plan 51* which was gazetted on 31 December 2019

The Western Australian Planning Commission (WAPC) is the responsible authority for the enforcement and implementation of the Improvement Scheme.

Whilst the improvement scheme is in effect, the Metropolitan Region Scheme and the City's *Local Planning Scheme No. 3*) will be suspended and cease to apply to land within the improvement scheme area.

The improvement scheme established scheme reserves and precincts for a number of purposes.

Reserves

- Parks and Recreation
- Public Purposes – Special Use
- Regional and Local Road
- Public Open Space
- Waterways

Precincts

- Residential
- Mixed Use / Waterfront / Recreation Precinct
- Marine Enterprise
- Waterways

Further information on *Improvement Scheme No 1 – Ocean Reef Marina* is located on the Department of Planning, Lands and Heritage [website](#).

4.5 Current Use

The site, currently described as the Ocean Reef Boat Harbour, consists of:

- one large and one small limestone breakwater
- eight boat launching ramps
- extensive car and boat trailer parking
- public toilets
- coastal recreation amenities
- facilities for Marine Rescue Whitfords
- facilities for the Ocean Reef Sea Sports Club

- formal and informal walking tracks.

5. PROPOSED MAJOR LAND TRANSACTION

The City proposes to transfer ownership of Lot 1032 and Lot 1029 to the State Government to facilitate the development of the Marina. In addition, the City is required to relinquish management over the Crown Land parcels currently vested with the City.

During negotiations with DevelopmentWA (on behalf of the State Government), the City has sought to ensure that an adequate consideration is received for the transferred land and the City-owned infrastructure currently on site.

The land transfer by itself should not be viewed in isolation. It is part of the broader agreement necessary to enable the City to continue on-going involvement and support to this important regional development.

5.1 Land Transfer

In accordance with the terms of the MOU and the Heads of Agreement, the City proposes to transfer the whole of Lot 1032 and Lot 1029 for a nominal fee.

The City will receive, in freehold, that portion of Lot 1029 not required for the Marina. The City will also receive, in freehold, the land parcel identified as Public Parking (southern precinct – Amenity No 24).

Management of the land identified for the Ocean Reef Sports Club will be vested with the City.

Figure 4 shows the proposed land divestment strategy within the developed Marina.

Figure 4: Proposed land divestment strategy



6. ASSESSMENT OF MAJOR LAND TRANSACTION

6.1 Effect on the provision of facilities and services by the City

The existing Ocean Reef Boat Harbour provides the following services/amenities (managed by the City) to the community:

- eight boat launching ramps
- car and boat trailer parking
- public toilets
- Ocean Reef Beach Park
- dual use path.

The Marina will significantly enhance and improve on the above services/amenities through the provision of:

- coastal pool and family beach
- 12,000sqm retail and commercial floor space
- 550 boat pens and 200 boat stackers
- eight boat launching ramps and associated boat trailer parking
- landscaped major open spaces including event and community areas
- public walkways and waterfront promenade
- residential – apartments, single residential dwellings and mixed-use developments.

The City will assume responsibility for the management, operation and maintenance of the public open space and infrastructure consider a standard responsibility for local government. Figure 4 shows the City's areas of responsibility.

Subject to negotiation, the City may also enter an agreement with the Marina Manager (the Department Transport) for the general maintenance of the internal beach and associated boardwalks.

6.2 Effect on other persons providing facilities and services in the region

Two existing entities currently provide services from the Ocean Reef Boat Harbour:

- Marine Rescue Whitfords – provision of emergency marine search and rescue services in the Perth metropolitan are. Marine Rescue Whitfords operates from a building currently owned and maintained by the City.
- Ocean Reef Sea Sports Club – recreational club for members providing a wide range of water-based activities as well as social activities including meals and functions. The club operates from a clubhouse currently owned and maintained by the City.

Both Marine Rescue Whitfords and the Ocean Reef Sea Sports Club have been extensively consulted regarding the development of the Marina. The future requirements and needs of both entities have been identified and a commitment to the provision of new facilities has been provided by the State Government (through DevelopmentWA).

At the time of preparing this Plan, the exact specification and design of the new facilities have yet to be finalised. However, it is proposed that the new facilities will provide a greater level of amenity than those currently provided.

The Ocean Reef Sea Sports Club site will be vested to the City and the City will assume ownership of the new club building. It is proposed that the City will enter a lease agreement with the club for club facilities. An additional commercial lease may also be entered into should commercial facilities be co-located with the club facilities.

6.3 Expected financial effect on the City

The on-going financial impact of the Marina on the City has been a key consideration during the life of the project. The financial impact on the City has also been paramount during recent negotiations with DevelopmentWA for the preparation of the Heads of Agreement, Land Transfer Deed, Land Transfer Strategy and Ocean Reef Marina Development Agreement.

The City has developed a financial model to continually monitor the potential impact of the fully developed Marina on the City's operating results and the overall cashflow. This model was used to inform the above agreements and provides the City with confidence that long-term financial sustainability will be achieved. Long-term financial sustainability of the Marina for the City's ratepayers is defined as follows:

- Operating surplus/deficit: Recurring impacts, including depreciation, should be no worse than zero once the Marina is fully developed. This is measured by comparing the estimated future impacts to the existing operating deficit of the Ocean Reef Boat Harbour (currently approximately \$100,000pa).
- Cashflow impacts: The 50-year cashflow impacts are zero or positive when compared to baseline.

This Plan does not contend that the financial projections will come to pass exactly as forecast. However, it is considered that the model used, and the assumptions applied, provide sufficient confidence that the impacts are financially sustainable. The actual expenses and income may vary due to the following:

- Specification of the civil infrastructure (lighting, roads, paths, drainage) and the final specification of the parks and public open spaces.
- Useful life of assets and utilisation, wear and tear of public assets.
- Rates assessments of the residential and commercial areas by the Valuer General.
- Application of public parking fees.
- Economic and market factors.
- Phasing of development and market take-up of private areas.

It has been agreed that the City be involved in the development of the specifications and design of the civil infrastructure, public open spaces and any other matters that may financially impact the City.

(a) Financial Projections

(i) *Scenarios*

Based on a set of assumptions, the financial model evaluated three scenarios with a comparison against baseline:

SCENARIO		COMMENTS
	Baseline	The current income and expenses of the existing and buildings, as they impact on the City's financials.
1	Best Case	Most favourable financial impact. Assumes highest values for rates income, parking fees and the lowest impact for expenses.
2	Realistic Case	Most likely set of assumptions in terms of on-going responsibilities and prudent assumptions for new income and expenses.
3	Worst Case	Least favourable financial impact. Lowest value for rates income and parking fees, highest cost for expenses.

Where possible, if some values/assumptions can be fixed then the same values are used for each of the above three scenarios.

(ii) *Strands*

The financial model covers five separate impact strands:

- One-off project impacts
- Rates Income
- Parking
- Infrastructure Services
- Ocean Reef Sea Sports Club and Marine Rescue Whitfords

The financial projections reported in this Plan includes the summary financial impacts only.

(iii) *Whole of Life approach*

The City applies a whole-of-life approach to all projects and uses a wide number of tools to ensure it is financially sustainable both now and in the future. The ongoing operational impacts are assessed as much as the one-off costs. This ensures that the overall costs over the long-term are evaluated and budgeted.

(iv) *Current Asset Values*

A detailed review of the City's current assets and values at the existing Ocean Reef Boat Harbour was undertaken in 2019 with a further land valuation assessment undertaken in June 2020. Table 1 summarises the current assets and values (CRC means Current Replacement Cost; WDV means Written Down Values).

Table 1 – Current Asset Values

Asset				Asset Values			
Asset	Details			CRC	WDV	Dates	
	Asset Class	M/ment	Qty	\$	\$	Comm	Expiry
1 Ocean Reef Boat Ramp Toilets/Changeroom	Buildings	m2	41	\$171,700	\$84,006	Jun-94	Various
2 Ocean Reef Sea Sports Club	Buildings	m2	844	\$3,483,900	\$1,981,222	Jun-80	Various
3 Telstra Income	Buildings						
4 Whitford Volunteer Sea Rescue	Buildings	m2	286	\$939,700	\$739,344	Jul-08	Various
5 Car Park, Access Road, Launch Area & Quays	Transport	Bays	160	\$2,878,839	\$1,597,692		
6 Path	Transport	Paths	24	\$287,921	\$191,276		
7 Jetties	Transport	Jetties	6	\$815,000	\$724,229	Sep-15	Jul-50
8 Marine	Parks	Assets	5	\$2,830,000	\$1,270,984	Various	Various
9 Lighting	Lighting	Lights	24	\$153,517	\$65,875	Various	Various
10 Parks	Parks	Assets	87	\$677,184	\$376,321	Various	Various
11 Drainage	Drainage	Assets	22	\$80,593	\$53,062		
12 Lot 1029	Land			\$1	\$1		
13 Lot 1032	Land			\$1	\$1		
TOTAL				\$12,318,356	\$7,084,013		

(v) *One-off Future Project Costs*

Table 2 summarises the future one-off costs based on the following key assumptions:

- On-going City project costs.
- Parking infrastructure.
- Capital costs to derive a commercial income stream.

Table 2: *One-off future project costs*

One-off Future Project Costs	Scenario1	Scenario2	Scenario3
	Best Case	Realistic	Worst Case
	\$000s	\$000s	\$000s
1 City Projects Future Costs	(\$697)	(\$697)	(\$697)
2 Parking Infrastructure	(\$270)	(\$270)	(\$50)
3 Capital costs to derive commercial income stream	(\$3,717)	(\$3,561)	(\$3,005)
One-off Future Project Costs	(\$4,684)	(\$4,528)	(\$3,752)

(vi) *Operating Income (excluding escalation)*

Table 3 summarises the estimated annual income derived from a fully developed Marina (currently assumed to be 2032-2033).

Table 3: Operating Income

Operating Income excluding escalation	Baseline	Scenario1	Scenario2	Scenario3
	Current I&E	Best Case	Realistic	Worst Case
	\$000s	\$000s	\$000s	\$000s
1 Rates Income	\$0	\$2,571	\$2,251	\$2,197
2 Parking Income	\$152	\$979	\$607	\$235
3 Club & Commercial Income	\$60	\$340	\$308	\$284
Operating Income vs Baseline	\$212	\$3,891	\$3,166	\$2,715
		\$3,679	\$2,953	\$2,503

(vii) Operating expenses including Depreciation (excluding escalation)

The City will receive a significant new income stream from the Marina. However, the City will incur additional expenses from maintaining, operating and replacing the public open space, civil infrastructure and other public infrastructure. Table 4 summarises the estimated expenditure.

Table 4: Operating Expenses

Operating Expenses Including Depreciation excluding escalation	Baseline	Scenario1	Scenario2	Scenario3
	Current I&E	Best Case	Realistic	Worst Case
	\$000s	\$000s	\$000s	\$000s
1 Infrastructure Services Maintenance	(\$63)	(\$1,051)	(\$1,096)	(\$1,169)
2 Parking	(\$4)	(\$378)	(\$378)	(\$210)
3 Clubs & Commercial expenses	(\$154)	(\$211)	(\$209)	(\$201)
4 Depreciation Infrastructure	(\$101)	(\$1,146)	(\$1,206)	(\$1,272)
Operating Expenses & Depreciation Total vs Baseline	(\$322)	(\$2,787)	(\$2,889)	(\$2,852)
		(\$2,465)	(\$2,567)	(\$2,530)

(viii) Operating surplus/(Deficit) summary (excluding escalation)

Table 5 compares the estimated recurring impacts (in today's dollars) once the Marina is fully developed. The table compares the existing deficit to future income and expenses. The realistic scenario assumes a positive financial outcome of \$277,000 per annum with the worst case scenario resulting in a deficit of \$137,000 per annum. It should be noted that the worst case captures the most pessimistic scenario for all areas which is highly unlikely to materialise.

Table 5 – Operating Surplus/(Deficit) summary

Operating Surplus excluding escalation	Baseline	Scenario1	Scenario2	Scenario3
	Current I&E	Best Case	Realistic	Worst Case
	\$000s	\$000s	\$000s	\$000s
Operating Income	\$212	\$3,891	\$3,166	\$2,715
Operating Expenses, including Depreciation	(\$322)	(\$2,787)	(\$2,889)	(\$2,852)
Operating Surplus vs Baseline	(\$110)	\$1,104	\$277	(\$137)
		\$1,214	\$386	(\$27)

(ix) Total cash flows to 2069-2070

The whole-of-life cash flows have been projected over a 50-year period and includes estimated escalation. Table 6 indicates that the realistic scenario would achieve a positive cashflow outcome of \$25.6 million versus baseline.

Table 6: Overall cashflow total including escalation

Option Summary Overall Cashflow Totals including Escalation	Baseline	Scenario1	Scenario2	Scenario3
	Current I&E	Best Case	Realistic	Worst Case
One-off Costs		(\$4.7)	(\$4.6)	(\$3.8)
Depreciation / Asset Replacement	(\$17.2)	(\$132.3)	(\$137.8)	(\$141.4)
Operating Cash Expenses	(\$15.8)	(\$141.9)	(\$145.4)	(\$139.4)
Operating Income	\$21.7	\$372.0	\$302.1	\$258.2
Cashflow Total vs Baseline	(\$11.2)	\$93.1	\$14.3	(\$26.4)
		\$104.3	\$25.6	(\$15.2)

6.4 Effect on matters referred to in the Plan for the Future

The development of the Marina is reflected in the City's *Joondalup 2022 - Strategic Community Plan 2012-2022* (July 2018), *Local Planning Strategy* (November 2017) and *Economic Development Strategy – Expanding Horizons* (2017).

Joondalup 2022 recognised the Marina project as an “essential catalyst for regional tourism development and the provision of diverse housing and accommodation options”. *Joondalup 2022* also states that “the benefits that it [the Marina] will bring socially, economically and environmentally to the local and regional community is what will drive the City to continue pursuing the project into the future”.

The Ocean Reef Marina Project Philosophy and Parameters (endorsed by Council in May 2009, Item JSC05-05/09 refers) articulated for the record and historical purposes the intent of Council in progressing the Marina project. In endorsing the Project Philosophy and

Parameters, Council noted that the Marina site had been recognised as having the potential for development as a major tourism and recreation node for over 30 years.

It should be noted that the Marina project is also reflected in the *North-West Sub-regional Planning Framework* (Western Australian Planning Commission, 2018).

6.5 The ability of the City to manage the performance of the transaction

Need to determine a definition of “performance of the transaction” – potentially needs to include financial as well as the info below.

The City has developed a *Strategic Finance Plan* which projects the City’s financial position over a 10- or 20-year period. This plan enables the City to assess necessary funding requirements, to afford capital replacement programs and new capital projects as well as the City’s capacity to maintain overall financial sustainability into the long-term future.

The *Strategic Financial Plan* is continually monitored and updated to include major projects such as the Marina.

To facilitate and manage its operational responsibilities, the City has developed and implemented the following:

- Asset Management Strategy (incorporating the Asset Management and Building Asset Management Plans)
- Property Management Framework
- Five-Year Capital Works Program
- Waste Management Plan
- Weed Management Plan
- Road Asset Management Plan

The Corporate Business Plan is the City’s five-year service and project delivery program. It is aligned to the strategic direction and priorities set within *Joondalup 2022* and reflects actions in the City’s Capital Works Program and informing strategies.

The purpose of the plan is to demonstrate the operational capacity of the City to achieve its aspirational outcomes and objectives over the medium-term. All operational planning and reporting is driven by the Corporate Business Plan which is reviewed annually to ensure priorities are achievable and effectively timed.

The Corporate Business Plan:

- Outlines the priority projects and programs the City of Joondalup will deliver over the next five years.
- Links services, projects and programs with the vision of the *Joondalup 2022*.
- Provides detailed milestones for delivery of priority projects and programs in each quarter of the first year.
- Lists the City’s key services and programs with related costs and staffing levels.
- Outlines the City’s operational and capital budgets for the relevant financial year and provides a forecast for the following four years.

- Is informed by the City's long-term Strategic Financial Plan, Workforce Plan and Asset Management Strategy.
- Is a legislative requirement of the WA Integrated Planning and Reporting Framework.
- Is reviewed and updated every year to adapt to changing circumstances and trends.