



**Business Plan - Major Land Transaction
Sanctuary Road Caravan Park
Section 3.59 of the Local Government Act 1995**

1) Business Plan Objectives

This Business Plan has been prepared for the lease and redevelopment of:

- Sanctuary Road Caravan Park (Lot 3130 on Deposited Plan, Reserve 51028)

The Business Plan is designed to:

- a) Inform the public with respect to the Shire of Broome's proposal to undertake a 'Major Land Transaction' of the above site;
- 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* and the *Local Government (Functions and General) Regulations 1996* (further detailed in Legislative Requirements)

2) Subject Site

The proposed Sanctuary Road Caravan Park is located at Lot 3130, Deposited Plan 32082 Sanctuary Road. The site is approximately 13.5 ha or 135,010m² and is vested with the Shire of Broome as Reserve 51028 for the purpose of Caravan Park. The land is zoned 'Special Use: Caravan Park' under the Shire's Local Planning Scheme No.6.

The land is bounded by Sanctuary Road, Fairway Drive (unconstructed future nature corridor), and Oryx Road (north-south portion known as Lullfitz drive and East West portion unconstructed). A submission has been made to amalgamate the unconstructed east-west portion of Oryx Road and Reserve 51028. The general project site and the adjacent road (Oryx Drive) are identified in the Broome North District Development Plan which was endorsed by WAPC in 2010 and then adopted by the Shire of Broome in 2011.

Further planning and detailing for the subject site was undertaken in 2015 and incorporated into the existing Local Development Plan 3 for Broome North endorsed by the WAPC in February 2016.

Clause 4 of the Management Orders states, pursuant to section 49(2) of the Land Administration Act (LAA), the Management Body (Shire) is to submit to the Minister for Lands for approval, in an approved form, by 30 April 2023, a Management Plan for the development, management and use of the land within the Reserve. The Management Order prescribes power to lease for a term not exceeding 50 years.

Figure 1: Local Development Plan 3



Figure 2: Subject site, Lot 3130 Sanctuary Road



In November 2021 the Shire issued Request for Quote 21/36 (RFQ 21/36) for the development of a Business Case and engaged Brighthouse Strategic Consulting. The Sanctuary Road Caravan Park Business Case is intended to be used as a guiding document to satisfy condition 4 of the Management Order, and to inform a tender process to understand the potential development options and financial return of the site. Key considerations of the Business Case are as follows:

- Financial viability of the project.
- Recommendations for length of tenure and lease rental terms.
- Opportunity for a staged development at the site.
- Costs associated with servicing the site e.g., electrical, water / sewerage, drainage etc.
- Ability of the development to address the current housing crisis, particularly for key workers.
- Opportunity to cater for over 55's retirement housing.

A concept plan has been developed outlining the potential yield of the site across tourist campsites, tourist cabins, key worker and over 55s relocatable homes as shown in the concept plan below. The site is an undeveloped 'greenfield' site and therefore requires extensive site preparation and forward works. The Shire of Broome intends to lobby the State Government to assist with funding forward works, headworks, site preparation, connections, road works and other preliminaries. The business case proposes a staged construction period of three years. The total cost of the proposed development is estimated to be \$63,924,428.

The Shire of Broome is seeking to enter a long-term lease with a private developer to develop and operate the site. This will ensure stability of rental income for the Shire and longevity of tenure for the tenant to support their investment program. The tenure of any relocatable homes will fall under the provisions of Caravan Parks and Camping Grounds Regulations 1997.

Figure 3: Concept Plan

LEGEND - AGED P/H & WORKERS ACCOM

WORKERS ACCOMODATION

| | |
|----------------------|-------------------------|
| 18.0x14.0 SITES | 26 |
| 15.0x14.0 SITES | 30 |
| UTILITY BUILDINGS | (2) |
| TOTAL SITE No | 56 EXC No IN () |

AGED PARK HOME VILLAGE

| | |
|----------------------|-------------------------|
| 18.0x14.0 SITES | 18 |
| 15.0x14.0 SITES | 17 |
| UTILITY BUILDINGS | (0) |
| TOTAL SITE No | 35 EXC No IN () |

O/A TOTAL SITE No **91** EXC No IN ()

LEGEND - CARAVAN PARK

| | ZONE 1 | 2 | |
|------------------------|------------|------------|------------|
| 13x10 SITES | 57 | 35 | 92 |
| 13x10 ENSUITE SITES | 10 | 15 | 25 |
| 13x10 LONG STAY SITES | 0 | 43 | 43 |
| 10x10 SITES | 50 | 35 | 85 |
| 10x10 ENSUITE SITES | 2 | 7 | 9 |
| 9x9 SITES | 23 | 0 | 23 |
| 6x5 CAMP SITES | 0 | 15 | 15 |
| DRIVE THRU SITES | 8 | 0 | 8 |
| OVERFLOW SITES | 0 | 0 | (0) |
| 2 BED CABINS | 25 | 0 | 25 |
| 3 BED CABINS | 4 | 0 | 4 |
| NEW AMENITY BUILDINGS | 0 | 5 | (5) |
| ABLUTION AMENITY | 1 | 2 | (3) |
| SITE ENSUITE AMENITY | 3 | 6 | (9) |
| SHELTERS / BBQ | 0 | 3 | (3) |
| ROAD NETWORK (ASPHALT) | - | - | - |
| PATH NETWORK | - | - | - |
| TOTAL SITE No | 179 | 150 | 329 |
| EXC No IN () | | | |



3) Legislative Requirements

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.

4) Assessment of Major Land Transaction

a) Expected effect on the provision of services and facilities by the Shire;

The proposed Sanctuary Road Caravan Park development is estimated to be \$63,924,428.

The development of Sanctuary Road Caravan Park will realise the following key objectives:

- i) Maintain Broome as a key tourist destination for the caravanning and camping-based tourism sector by helping balance supply and demand
- ii) Provide additional tourist campsites to alleviate the need for overflow parks and mitigate illegal camping
- iii) Alleviate the keyworker housing crisis and provide accommodation solutions for local businesses
- iv) Provide affordable housing for the over 55's cohort in Broome
- v) Provide a sustainable economic enterprise that provides ongoing financial dividends to the Broome Community in the form of improved infrastructure and services
- vi) Enhance visitor satisfaction and create a positive image for the Shire of Broome through high quality facilities and superior customer service
- vii) Achieve consistency with industry best practice in park design and operational procedures; and
- viii) Expand the current product mix to appeal to a wider target market, improving occupancy and yield.

b) Expected effect on other persons providing services and facilities in the region;

The following permanent caravan parks are located within the Shire of Broome municipality:

- i) Discovery Parks Broome
- ii) Broome Vacation Village Caravan Park
- iii) RAC Cable Beach Caravan Park
- iv) Tarangau Caravan Park
- v) Cable Beach Caravan Park
- vi) Broome Caravan Park
- vii) Broome's Gateway (outside of town)
- viii) Roebuck Plains Roadhouse

Temporary overflow facilities are provided by the Broome Pistol Club and the Seventh Day Adventist Church once the above caravan parks reach maximum occupancy (usually above 90% across all parks).

In addition, a significant number of businesses including tourism operators, cafes, restaurants, vehicle workshops, cinemas and food retailers derive a large proportion of their income from caravan park visitors. It is hoped that additional caravan park and residential park homes will help to boost visitor and employee numbers to the town overall leading to increased spend in several sectors.

c) Expected financial effect on the Shire;

It is anticipated that during the 3-year development phase 140 full time jobs will be created.

| | Broome LGA | Kimberley Region | Western Australia |
|--------------------------------|-------------|------------------|-------------------|
| Expenditure (\$m) | 14.0 | 19.4 | 62.5 |
| GRP/GSP (\$m) | | | |
| Direct | 8.0 | 10.1 | 30.8 |
| Flow-on | 2.9 | 4.8 | 29.6 |
| Total GRP/GSP Impact | 10.9 | 14.9 | 60.4 |
| Employment (fte) | | | |
| Direct | 8 | 12 | 76 |
| Flow-on | 6 | 10 | 63 |
| Total Employment Impact | 14 | 22 | 140 |

Source: BDO EconSearch analysis

It is anticipated that year 10 of operation will create 191 full time employment jobs within the Broome community.

| | Year 1 2024/25 | Year 5 2028/29 | Year 10 2033/34 |
|-------------------------|-------------------|-------------------|--------------------|
| GRP/GSP (\$m) | | | |
| Direct | | | |
| Operation | 0.5 | 6.9 | 8.2 |
| Tourism | - | 13.2 | 13.2 |
| Total | | | |
| Broome LGA | 0.6 | 27.9 | 29.5 |
| Kimberley Region | 0.6 | 28.6 | 30.3 |
| WA | 0.8 | 33.3 | 35.3 |
| Employment (fte) | | | |
| Direct | | | |
| Operation | 2 | 30 | 36 |
| Tourism | - | 106 | 106 |
| Total | | | |
| Broome LGA | 3 | 184 | 191 |
| Kimberley Region | 3 | 189 | 196 |
| WA | 4 | 221 | 230 |

Source: BDO EconSearch analysis

It is anticipated that over a 15 year period, the development will be a key economic driver and generate a net benefit of \$79.8 million for the Broome community.

| Indicator | Result | Decision rule |
|-----------|---------|----------------------|
| NPV (\$m) | \$79.8m | NPV > 0: Satisfied |
| IRR (%) | 25% | IRR > 7%: Satisfied |
| BCR | 1.34 | BCR > 1.0: Satisfied |

Source: BDO EconSearch analysis

The Shire of Broome is in discussions with the Department of Planning, Lands and Heritage (DPLH) to secure a long term for the site. The Management Order currently prescribes power to lease for a term not exceeding 50 years. It is anticipated that a long term lease will be entered into to ensure stability of rental income for the Shire and longevity of tenure for the tenant to support their capital investment.

Rental for the site is yet to be determined, however industry analysis confirms the range of lease rental for similar large caravan parks is 7 - 10% of park revenue. This is supported by IBISWorld, Caravan Parks and Camping Grounds in Australia 2017-2018 report, which indicates average lease rentals at 7.7%. The business case has recommended the following lease payment terms:

- An up-front \$500,000 opportunity fee
- Fixed component - \$10,000 per month plus CPI
- Variable component – 7.0% quarterly revenue
- \$64 million capital investment for the park redevelopment

This rental income stream is in addition to the forecasted \$79.8 million over a 15 year period to the Broome community (and beyond) which is generated by the existence of the Caravan Park alone.

d) Its expected effect on matters referred to in the local government's current plan prepared under section 5.56 (1) and (2); ie expected effect on the Shire's Plan for the future;

Local Planning Framework Lot 3130 is subject to:

1. The Broome North Development Plan (BNDP)/Local Development Plan No.3 (LDP No.3)

The subject site is identified within the Broome North Development Plan as 'Tourist' and within the boundaries of Local Development Plan No.3. The subject site is identified within the boundaries of both the Broome North Development Plan and Local Development Plan No.3. The BNDP identifies the site as one of numerous 'opportunities' around the Broome townsite, labelling the site as 'Proposed Shire of Broome Caravan Park'. LDP No.3 references the site in identifying changes to the District Movement Network including roundabout access to the future Caravan Park, which is noted to be at the developer's expense.

2. Local Planning Scheme No.6 & Draft Local Planning Scheme No.7

Under Local Planning Scheme No. 6 (LPS6), Lot 3130 is identified as 'Special Use: Caravan Park'. Under draft Local Planning Scheme No. 7 (LPS7), the site remains zoned 'Special Use' identified in Schedule 3 of LPS7 as Special Use No. 6 (SU6).

Draft LPS7 zones this site as a Special Use and it is listed in Schedule 3 as SU6 with the Special Use of Caravan Park. It has been requested that 'Park Home Park' be added to Schedule 3 for SU6 in addition to Caravan Park so this land use can also be undertaken on site.

3. Local Planning Strategy

The Shire's Local Planning Strategy, endorsed by the WAPC in 2014 seeks to guide future land use planning within the Shire, outlining a range of objectives, strategies and actions in facilitating land use change and investment in key infrastructure within the Shire. The strategy is used to inform Council decisions and along with the Local Planning Scheme, enable the Shire to management growth to accommodate the needs of the current and future community.

The proposed caravan park directly reinforces the Local Planning Strategy and thus, Council's vision in terms of Tourism, notably in Section 2.4.8. – Tourism. The Strategy outlines numerous strategic measures in meeting with Council's vision. Specifically, the Strategy outlines the need to ensure that appropriate land remains as State reserves vested with the Shire of Broome to provide for caravan parks and camping grounds within the Shire. An action identified in the Local Planning Strategy to meet with this measure is identified as including a Special Use zone for caravan parks to ensure the continued use and operation of land for caravan park purposes and further to this, developing a Shire owned Caravan Park at Cable Beach.

Further to this, the Strategy designates precincts around the Broome townsite, noting the Cable Beach area, containing Lot 3130, as Precinct 11. This objective of this precinct seeks to establish the area (Precinct 11) as the major leisure tourism area of the Shire (hotels, restaurants, bars, tourist accommodation, leisure tourism activities on and

around Cable Beach. The Caravan Park as proposed, would reinforce this objective and contributing to establishing the area as a major leisure tourism area of the Shire through the provision of tourist accommodation.

4. Cable Beach Development Strategy

The Cable Beach Development Strategy (CBDS) was adopted by Council to function as an informing strategy under the Local Planning Framework to guide the land use planning and new development within Precinct 11, which, as identified above, refers to the Cable Beach Precinct. The CBDS identifies Sanctuary Road as the main throughfare for tourists and residents within the precinct. The CBDS suggests general improvements to Sanctuary Road itself such as dual use paths with adequate shading on both sides of the road, provision of street trees, attractive street lights, landscaping, rubbish bins and on-street parking. The landscaping along the length of Sanctuary Road will be tropical themed, in keeping with the existing streetscape. Specific to the subject lot, the CBDS notes that in considering addressing informal backpacker accommodation (or lack of), the site could be a potential long term, with a formal backpacker area suggested to form a component of the Shire own Caravan Park.

The following are a list of the goals and outcomes relevant to this proposal:

People – We will continue to enjoy Broome-time, our special way of life. It's laid-back but bursting with energy, inclusive, safe and healthy, for everyone.

Outcome Two - Everyone has a place to call home

Place – We will grow and develop responsibly, caring for our natural, cultural and built heritage, for everyone.

Outcome Six - Responsible growth and development with respect for Broome's natural and built heritage

Prosperity – Together, we will build a strong, diversified and growing economy with work opportunities for everyone.

Outcome Nine – A strong, diverse and inclusive economy where all can participate

Outcome Ten – Appropriate infrastructure to support sustainable, economic growth

e) The ability of the Shire to manage the undertaking or the performance of the transaction

The management of this proposal is within the resources and capacity of the Shire of Broome. The Shire has been leasing the Discovery Holiday Parks Caravan Park at Roebuck Bay successfully for a period of in excess of twenty years and has the appropriate systems and staff in place. Any development plans submitted by the developer will be processed in line with Shire standard practice.

Western Australian Local Government Association (WALGA) will be engaged to assist with procurement services for the tender process.

5) Business Plan Advertising and Submissions

Section 3.59 of the Local Government Act 1995 requires the Shire of Broome to give a 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 will be placed in the West Australian, on the notice boards at the Shire administration building and public library, and on the Shire of Broome Facebook page. The Business Plan will be available to view at www.broome.wa.gov.au or in hard copy at the Shire Administration Office, 27 Weld Street Broome WA.

Submissions are to be addressed to:

Chief Executive Officer

Shire of Broome

Business Plan, Major Land Transaction Sanctuary Road Caravan Park

shire@broome.wa.gov.au