

Section 3.59 of the Local Government Act 1995

This Business Plan has been prepared for the Lathlain Precinct Redevelopment Project Zone 1 (**The Development**) as a major land development and leasing project proposed by the Town of Victoria Park.

This Business Plan has been prepared in accordance with the requirements of section 3.59 of the *Local Government Act 1995* (the **Act**) and the *Local Government (Functions and General) Regulations 1996* (the **Regulations**) which apply when a local government authority intends to undertake a major land transaction or a major trading undertaking.

The Town of Victoria Park (the **Town**) proposes to demolish and redevelop the Town-owned football and community facility (known as the **Grandstand**) currently tenanted by the Perth Football Club Incorporated, ABN 12 991 769 986 (**PFC**). In addition to the new Football and Community Facility, the project will create a future development site to maximise community benefit.

A purpose of this Business Plan is to provide members of the community with the opportunity to consider the Proposal and provide comments through a submission process, to inform Council's decision making on the matter.

Legislative requirements

Content of the Business Plan

Section 3.59 of the Act defines a major land transaction for the acquisition, disposal, leasing, or development of land as one where the total value of the consideration under the transaction (and anything done by the local government for achieving the purpose of the transaction) is more than the amount prescribed for the purposes of the definition.

Regulation 8A prescribes the threshold amount for a major land transaction, which to the Town of Victoria Park is \$10 million or 10% of the operating expenditure incurred by the Town from its municipal fund in the last completed financial year, whichever is the lesser.

The operating expenditure incurred by the Town from its municipal fund in the last completed financial year being 2022/23 was \$60,947,625.

Hence the threshold amount for the Town is \$6,094,762.

As the total value of the development will exceed the threshold amount this business plan is required.

Section 3.59(2) of the Act provides that a local government must prepare a business plan before undertaking a major land transaction.

Under section 3.59(3) of the Act and regulation 10 of the Regulations, a business plan for a major land transaction must include:

- a) an overall assessment of the major land transaction;
- b) details of the expected effect of the major land transaction on the provision of facilities and services by the local government;
- c) details of the expected effect of the major land transaction on other persons providing facilities and services in the district;
- d) details of the expected financial effect on the local government;
- e) details of the expected effect on matters referred to in the local government's current plan prepared under section 5.56 of the Act; and
- f) details of the ability of the local government to manage the performance of the transaction.

Public Advertising

Section 3.59(4) of the Act requires the local government to give Statewide public notice of its intent to enter into a major land transaction, make the business plan available for public inspection, and call for submissions for a period not less than six weeks.

The Town will give Statewide public notice of this Business Plan by publishing on the Town's website and social media platforms on 21 February 2024, through notice in the West Australian Newspaper on 23 February 2024 and by posting the notice on the notice boards at the Town's Administration Office and Town library. Copies of the Business Plan will be made available from Customer Services at the Administration Building and on the Town's website.

Submissions will be considered by Council at an Ordinary Council Meeting as soon as practicable following closure of the submission period.

Background

The Lathlain Precinct Redevelopment Project is a large-scale revitalisation project, to provide a sustainable multi-use sporting, recreation, health and education precinct for the whole community. This project has been delivered in 7 stages or zones with Zone 1 - Football and Community facility the last remaining area of land to be redeveloped within the precinct.

The Perth Football Club (PFC) has been the primary occupant and lessee at Lathlain Park since its initial development in 1958. The facility has been a vibrant centre of the Lathlain community since its development. The facility has become dilapidated and now requires significant renewal to extend its useful life and continue its important role in the local community. Furthermore, the facility is unable to cater for the recent growth in Women's Football and thus raises gender equity concerns.

In March 2020, Council endorsed the Zone 1 project mandate due to the existing facilities' dilapidated nature and to assist in the advocacy to secure additional funds required to complete the development.

The mandated Zone 1 project scope from 2020 aims to deliver a redeveloped grandstand, football operations accommodation and infrastructure, and parking and suitable space for safe and legible movement within and between other zones within the Lathlain Park Precinct. Additionally, community uses were included in the scope to ensure the community interacts with and benefits from the development.

In November 2020, Council resolved to list Zone 1 for consideration in the Long-Term Financial Plan, nominating an indicative amount of \$5 million.

To date, funding contributions, for the development the subject to this business plan, have been secured from the Federal Government (\$4m excl. GST), State Government (\$4m excl. GST), West Coast Eagles ground lease contribution (\$1m excl. GST) and Western Australian Football Commission (\$200,000 excl. GST). Funding agreements between the Town and the Federal and State governments have been executed.

In April 2021, council endorsed the recommendation to award the contract for the lead design Architect to Hames Sharley. In June 2021, Hames Sharley compiled an area schedule for the proposed redevelopment of Lathlain Zone 1. The appointed quantity surveyor provided a cost estimate against this schedule, which identified that there was a significant short fall against the secured funding.

In August 2021, council endorsed the project Vision and Aspirations and endorsed to proceed with the development of four high level concept designs ranging from low intervention to high intervention. The concept options and design development phases were completed in collaboration with the project's stakeholders and the Lathlain Park Advisory Group and was guided by regular elected member decision making.

In October 2023, a Development Application for the zone 1 redevelopment was lodged with the Town, which was subsequently advertised for public comment until 8 December 2023. At a Special Council Meeting on 18 December 2023, Council endorsed the recommendation to approve the Development Application. The Development Application was then submitted to the Western Australian Planning Commission (WAPC) on 21 December 2023 for final determination. The approval of the Development Application by the WAPC will be required for the Development to proceed.

During 2023, the Town and the PFC undertook an advocacy campaign to seek additional external funding to address the shortfall in capital to deliver the Development. The Town is awaiting the

outcome of additional funding requests. This business plan is based on the assumption that the current joint advocacy campaign is successful in securing the \$6 million of additional external funding required to deliver the Development.

The Town is not, pursuant to this business plan, intending to assume responsibility for an additional \$6 million of development costs if the current joint advocacy campaign is not successful in securing the \$6 million of additional external funding required to deliver the Development.

A portion of the site of the Development encroaches on the adjacent lease area of the West Coast Eagles (WCE). At the 12 December 2023 Ordinary Council Meeting, key terms were endorsed for the WCE to surrender its lease interest over this portion of land, thus removing it from the WCE lease area. These terms have been sent to the WCE for board approval. The key terms include triggers that necessitate the Development proceeding for the surrender to occur. This business plan assumes the approval of the endorsed key terms for the partial surrender of lease by the WCE board and the implementation in due course of the required partial surrender of lease.

During 2023, the Town was in negotiation with the Perth Football Club over future lease terms following completion of the Development. At the 16 May 2023 Ordinary Council Meeting, draft heads of terms were endorsed that define the parameters for a future lease with the PFC within the Community and Football facility (refer Attachment 1 - PFC Lease Key Terms). Further to this, PFC have sought the following:-

- a) Annual rent of \$65,000 (first year), \$75,000 (second year), \$87,000 (third year);
- b) A schedule of permitted uses for the Community Space to avoid this space competing with the PFC facility (and reducing PFC income) particularly on match days;
- c) Certain fixed or capped outgoings charges;
- d) Town support for a Tavern Restricted liquor licence.

Information is awaited from PFC to assist Council with the detail, justification and acceptability or otherwise of PFC's requests.

This Business Plan assumes the future execution of an agreement for lease and/or lease with the PFC generally based on the council endorsed key terms but with scope for council to consider incorporating such of the proposed variations referred to in (a)-(d) 1-4 above as are considered appropriate.

Property Information

Lathlain Park is an 8.87-hectare site owned by the Town of Victoria Park in Lathlain. The site is bound on its perimeter by Goddard Street, Bishopsgate Street, McCartney Crescent, and Roberts Road. It comprises three lots, Lot 1, 2 and 3 on diagram 26715 and currently two leases are held by the West Coast Eagles and the Perth Football Club that cover the majority of the land. A portion of the land is not covered by the leases and is directly managed by the Town as public space.

Additional leases on the existing Grandstand roof include agreements with Telstra (ACN 051 775 556) and Vodafone (ACN 081 918 461) for the operation of infrastructure that provide mobile coverage to the surrounding area. The Lease with Telstra is for a fixed term that ends on 30/06/2024 and the lease with Vodafone is for a fixed term ending on 30/06/2025, plus any holding over.

Lathlain Park includes two ovals. Oval 1 is adjacent to the proposed Development and is used exclusively for training and games by the PFC and the WCE. The WCE play WAFL, AFLW and pre-

season games on this oval with senior team home games played at Optus Stadium. Oval 2 was delivered as a part of the overall Lathlain Precinct Redevelopment Project Zone 3 and is used by the WCE for training and is open for community use outside of training times. This community use is either formally by groups through a booking system managed by the WCE or informally through individuals, families, and small informal groups without booking. The WCE and Waalitj foundation facilities were also delivered under Zone 3 and operate as the headquarters for both organisations.

The subject site for the Development is not zoned under Local Planning Scheme 1 – instead it’s reserved under the Metropolitan Region Scheme as “Parks and Recreation – Restricted Public Access”. The site sits within a well-established, low to mid density residential area.

The Lathlain Park Management Plan 2017 (Management Plan) guides the development, use and management of Lathlain Park. The Management Plan builds upon past planning and previous initiatives that have been progressed for Lathlain Park to accommodate the needs of the Perth Football Club, the West Coast Eagles, and the local community. A revision of the Lathlain Management Plan was conducted in 2023 to ensure it still meets contemporary community, council and stakeholder expectations for the precinct. The Lathlain Park Management Plan 2023 has been approved by council and is now with the Western Australian Planning Commission for final approval.

The subject site for the Development is located within Zone 1 of the Management Plan and includes the present Perth Football Club Facility and immediate surrounds. The existing grandstand building fulfils a variety of roles including football administration, training, functions and spectator facilities. The building was built in the mid-late 1950’s.



Figure 1: Lathlain Precinct Redevelopment Project Zones

Description of the proposal

The Development

The Development involves the demolition of the existing grandstand building and construction of a new community recreation and sporting facility (**Facility**), featuring:

- e) Weather-protected outdoor seating for 800 people;
- f) Three AFL standards compliant changerooms and player facilities at oval level for men's and women's AFL;
- g) Universal accessibility;
- h) Town managed, multi-purpose community function space (250m²);
- i) Tenant managed, function space (400m²) and game day hospitality centre;
- j) Tenant managed administration office space;
- k) AFLW 2023 Facility Guidelines compliant broadcast and football operations facilities.

The Development Application architectural plans are included as an attachment to this business plan (Attachment 5 - Development Application plans).

The new Facility will be constructed adjacent to the current Grandstand building. Once completed, the Tenant will relocate to the new Facility, and the existing grandstand building will be demolished. This will allow the ongoing operation of the facility during the construction period. The project includes upgrading the streetscape along Goddard Street in front of the new facility and creation of new parking bays along Goddard Street with a focus on staff parking for the new Facility.

Due to the improved land use efficiency, a development site of approximately 3000m² will be created in the location of the existing facility (following its demolition). This provides an opportunity for the Town to lease or develop this site for an appropriate future development. Currently no decision has been made by council on the future of this site.



Plan showing the indicative location and extent of the proposed community and sporting facility development site and the future development site.



Figure 2: indicative location and extent of the proposed community and sporting facility and the future development site created on the site of the existing grandstand building.

The telecommunications infrastructure will remain in place on the roof of the existing facility during the construction period until a suitable arrangement is determined for a new site likely to be within Lathlain Park, development approval is secured and the replacement infrastructure becomes operational. The end of both telecommunication lease terms is prior to the planned full demolition of the existing facility. It is not proposed to relocate telecommunications infrastructure from the roof of the existing facility to the roof of the new facility as this may affect the design of the new facility, require ongoing management (for example, health and safety considerations resulting from use of the facility's rooftop for telecommunications), and introduce commercial third party complexities to future decisions affecting the new facility. If a new agreement and location for telecommunications infrastructure is not approved by the time of demolition, there will be the opportunity for the Town to require removal of the telecommunication infrastructure at the end of the lease terms, subject to the rights of the telecommunications providers under the Telecommunications Act 1997.

An approximate 217m² portion of the proposed Development site encroaches on the current WCE lease area. At the December 2023 Ordinary Council Meeting, key terms were endorsed for a partial lease surrender that would excise this land from the WCE lease. This would provide the Town with permanent tenure of the entire Development site. The key terms do not include any payment by the Town to the WCE for this partial lease surrender, however the Town would pay the costs and expenses required for the action.

At the December 2023 Ordinary Council Meeting, Council also authorised the Town’s CEO to negotiate a temporary construction license of approximately 450m² of the land adjacent to the proposed Development that is within the WCE lease area. This is to provide access to the land by the contractor for associated construction activities and does not involve the building of any structures within the construction license area. It will be the responsibility of the Town to ensure the contractor restores any degradation of this land prior to the end of the construction license term. The key terms (Attachment 2 - Key Terms - WCE Partial Surrender of Lease and Construction Licence) and site plans (Attachment 3 - Site Plan - WCE Partial Surrender of Lease and Construction Licence) for the partial surrender of lease and the construction license are included as attachments to this business plan.

The proposed Development includes an approximately 250m² multi-purpose community space that will be managed by the Town for the use of community groups. This will provide needed social infrastructure to the Lathlain area and allow a diversity of use for the site, spreading activation times and integrating the local community with locally based elite football clubs. The Town currently lacks high quality function spaces that it can utilise itself or hire out to community groups, therefore this space would be of benefit to the organisation and the wider community.

The Development will help complete the Lathlain Precinct Redevelopment Project – a project that has transformed Lathlain and neighbouring Carlisle into desirable residential suburbs with considerable appreciation in property values, quality community amenities, thriving small businesses and an enviable urban lifestyle.



Figure 3: Development application-level imagery of the intent of the Goddard Street streetscape upgrades and western street and building interface.

Strategic Opportunities and Outcomes

The project aims to create:

- a) A “home of football for everyone” to strengthen the connection and talent development pathways between community football clubs and elite-level state and national football;
- b) Universal accessibility and inclusion for women’s and all abilities football with improved experience and quantity of games;
- c) Improved outcomes regarding oval access, lease boundaries, community benefits and responsibilities between West Coast Eagles, Perth Football Club and the Town of Victoria Park with an opportunity to utilise the existing lighting infrastructure to increase the number of women’s games at night;
- d) A multipurpose community hub for use by local community groups and sporting clubs;
- e) A high-quality spectator experience that also improves sustainability of the Facility;
- f) Potential for a future development on the land remaining after demolition of the existing grandstand;
- g) A regional centre of Football excellence for women and men in the southeast corridor of Perth, co-existing with the existing West Coast Eagles AFL/AFLW Club.



Figure 4: Development application-level imagery of the development as viewed from Oval 1.

Perth Football Club Lease

The project intends for a lease to be established with the PFC based on the following parameters endorsed by council at the 16 May 2023 Ordinary Council Meeting. The objective of these parameters is to inform a set of Key Terms that, amongst other objectives, will address the ongoing asset maintenance costs and responsibilities. In particular, the allocation of renewal, maintenance and cost recovery for the volatile high depreciation building components seek to capture 100% of these responsibilities, as is further set out in Key Term a) below. Therefore, it’s expected there will be no maintenance or renewal expenses to the Town for the portion of the facility leased to the PFC. The community space managed by the Town will seek to recoup operating costs through hire charges. The council-endorsed Key Terms of a future lease to the PFC are found in “Attachment 1 - PFC Key Terms”

The council endorsed lease parameters that direct the key terms are:

- a) 75% of the renewal and maintenance of volatile high depreciation building components are the responsibility of the PFC and 25% the responsibility of the Town. The Town will recover the estimated cost of its 25% responsibility through the rent charged to the PFC.
- b) The depreciation, renewal and maintenance of the low depreciation non-volatile building components will be the responsibility of the Town. A portion of this liability will be recovered through rent charged to the PFC. This portion will be based on the percentage of the building floor space that is used for a commercial purpose by the PFC. The portion of the building meeting this definition is the function space, not including kitchen and storage areas.
- c) Rent received by the Town from PFC is to be held by the Town in a reserve fund and is then only drawn from the reserve for the purpose of renewal and maintenance of the facility.
- d) The term of the Lease is 30 years with three 10-year renewal options.

Assumptions of The Proposal

The proposal that is the subject of this business plan includes the following assumptions:

- a) That an Agreement for Lease can be successfully negotiated with the PFC that is aligned with the lease parameters endorsed by council at the May 2023 OCM.
- b) That the Town and the PFC's joint advocacy efforts in 2023 can successfully achieve approximately \$6 million of additional external funding.
- c) That the West Coast Eagles board will approve the Partial Surrender of Lease and Construction License as per the key terms approved by council at the December 2023 OCM.
- d) That the replacement of the existing telecommunications leases with a new lease on a single pole top location can be achieved and will be of a similar value to the existing leases resulting in a minimal financial effect to the Town.
- e) That the construction contract will be of a similar cost to the latest quantity surveyor estimate received.
- f) That the remaining funding shortfall following confirmation of assumption e) above is sourced, but no decision has been made by the Town as to whether it will or will not contribute to any funding shortfall.
- g) That a satisfactory development approval can be obtained from the WAPC.
- h) That the Town receives a tender for goods and services comprising the construction works that the Town wishes to accept.

These assumptions are the basis for the details and analysis of the business plan.

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

The revitalisation of Lathlain has been a strategic objective of the Town of Victoria Park for many years. The Lathlain Park Management Plan captures the community and council ambition of the area and guides development and activities within the precinct to ensure the desired services are provisioned and our ambitions are achieved. The Lathlain Precinct Redevelopment Project physically delivers on the revitalisation aims. This proposal for Zone 1 is the final development within the broader precinct redevelopment. It completes a long-term commitment to the revitalisation of Lathlain that has already seen a significant increase in vibrancy and improved economic outcomes in the area.

The current poor condition of the PFC-tenanted Football and Community building and its surrounds is an issue for Town of Victoria Park, as asset owner, given the facility's large scale and poor condition. For many years its condition has been acknowledged as a significant liability for the Town in need of addressing. The development proposes a complete renewal of the asset and a leasing arrangement that ensures the future maintenance of the facility to an appropriate level, without ongoing operating and replacement costs to the Town for the portion leased to the PFC. This will enable the facility to deliver its services for an additional 50+ years at a low ongoing cost to the Town.

A multi-purpose community function space is included in the proposal. This is an additional function not included in the current facility. The space is approximately 250m² and includes a small kitchen and storage area with the ability to host a wide range of functions, events or classes. As a Town managed space, it will be available for the use of local community at reduced rates. This will assist community groups to provide affordable services to the local community. The community function space will also be utilised by the Town for its own purposes such as events and training. Current spaces suitable for large events, training and community engagement activities are in short supply, and a high-quality venue will enhance the experience of these services.

The current lease with the PFC includes a clause that allows the facility to be utilised as a temporary refuge centre in the event of a State Class Emergency. It is intended for this clause to be included in the final lease with the PFC to ensure the continuation of this function as a service to the community.

The proposal's associated streetscape upgrade will provide amenity benefit to the community with seven new street trees replacing the two low quality trees that are proposed to be removed. The replacement of footpaths and improved pedestrian connections renews and improves Town assets. These enhancements improve the current service provided by the Goddard Street streetscape.

A separate tender for good and services will be undertaken pursuant to s3.57 of the Local Government Act in relation to procurement of the construction and demolition works to undertake the development.



Figure 5: Development application-level imagery of the proposed facility and streetscape on Goddard Street as viewed from Staines Street.

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

The condition of the existing facility limits the operational capabilities of the Perth Football Club to:

- expand and contemporise with women's football teams,
- operate an elite level football club to current standards,
- deliver community outreach programs,
- generate revenue and achieve financial sustainability,
- act as a hub for the local community

The proposal will not only ensure longevity for the operation of the PFC but will improve the level of services. Women's football will be adequately provisioned with a dedicated change room for the PFC WAFLW team, and an away team changeroom that provides unisex facilities.

The proposed PFC managed function space will allow the PFC to host a greater range of events, which is important to the social benefits provided by the club to its members and guests. The ability to hire out the use of the function space and host various events plays a crucial role in generating revenue for the club and is indispensable for ensuring its financial sustainability.

The PFC run a number of community programs including school clinics, junior football club visits, wheelchair football, Brightwater Care disability partnership, Penrhos College football program, PFC Girls Academy and the Free Kick Program (for disengaged youth). The proposal ensures this will continue providing a valuable service to the community. It will also improve the experience of the programs that operate at the Lathlain Park facility, enhancing their popularity and impact. The proposed facility will aim to enhance and expand current programs while introducing new ones, which could effectively broaden the scope and impact of the PFC’s community initiatives.

The facility is also used by the West Coast Eagles for AFLW, WAFL and AFL pre-season matches, therefore the facility defines the game day experience for the players and spectators of both clubs. In 2023, Lathlain Park had the highest number of spectators of any football venue in Western Australia, other than Optus Stadium, with a total of 28,937 spectators. Throughout most weekends of the year the ground hosts an elite level football match. Through improving the game day experience the proposal aims to increase spectator numbers with a particular aim to improve AFLW and WAFLW attendance and boost the profile to support the uptake of women’s football.

The Development includes significant improvements in accessibility to bring the facility up to contemporary standards. This provides an inclusive place for a broad range of community members to experience the services delivered by the facility and the PFC. This improved accessibility will provide a better game day experience for a broader range of people, increasing the spectator numbers and long-term patronage of the clubs.

Expected Financial Effect on the Local Government

The existing facility is a long-term asset that came under ownership of the Town when it was formed following the division of the City of Perth. The building is nearing the end of its useful life and as such, represents a significant financial burden for the Town.

The proposal for a complete replacement involves a substantial investment of Town finances. In recognition of the scale of this financial challenge, significant assistance has been provided from state and federal governments of \$4 million each. A \$200,000 funding contribution has also been committed by the Western Australian Football Commission, as well as a \$1 million contribution from the West Coast Eagles as included in the agreement that secured their Lathlain Park Lease.

The Council has endorsed a \$5 million allocation to the project in its Long-Term Financial Plan. This is to be drawn from the Town’s Future Fund Reserve.

In summary, confirmed funding secured for the project is \$14.2 million as described in the table below.

The funding for the development is as follows (see the commentary below):

Entity	Amount	Status
Town of Victoria Park	\$5,000,000	This funding is secured
State Government Funding	\$4,000,000	This funding is secured
Federal Government Funding	\$4,000,000	This funding is secured
West Coast Eagles – pre-existing commitment	\$1,000,00	This funding is secured

Western Australian Football Commission	\$200,000	This funding is secured
Total secured funding	\$14,200,000	
Estimated total development cost	\$23,400,000	
Total shortfall in funding	\$9,600,000	This funding is not secured or committed
Possible Sources to fund the shortfall		
Town of Victoria Park	\$3,600,000	This funding is not secured or committed.
State or Federal Government	\$6,000,000	This funding is not secured or committed

Recent cost estimates for the development have been higher than the total secured funding for the project. The latest cost estimate for the project is approximately \$23.8 million, representing a funding shortfall of approximately \$9.6 million.

The Town and the PFC have been involved in joint advocacy efforts throughout 2023 to secure additional funding. These efforts culminated in a funding request made to the Western Australian Government in late 2023. An assumption has been made in this business plan that these efforts result in approximately \$6 million in additional funding. Under this assumption the remaining shortfall would be in the order of \$3.6 million.

If the additional \$6 million and the additional \$3.6 million are not secured, then the development as proposed in this business plan will not proceed.

The above table identifies the Town as a possible source of the funding shortfall in the amount of \$3.6 million. No decision has been made by the Town to cover all or any of the \$3.6 million shortfall. A separate budget related process outside of this business plan will need to take place before the Town decides to or not to cover all or any of the \$3.6 million shortfall. So, for the purposes of this business plan the Town's contribution to the funding shortfall may be anywhere between \$0 and \$3.6 million. A decision by the Town to proceed with this business plan is not a decision by the Town to fund all or any of the \$3.6 million shortfall. It may be possible for the Town to borrow the \$3.6 million and an analysis of funding scenarios and the borrowing of funding shortfall has been conducted by economic consultants Urbis (Attachment 4 – Lathlain Park Zone 1 Funding Analysis). Servicing a 20-year loan for this shortfall under current market conditions is estimated to require an annual payment of approximately \$275,000 per annum.

The funding analysis from Urbis includes current market estimates of the value of a ground lease for the development site that will be created under the proposal as \$186,900 per year. If this ground lease rent is utilised to offset the annual cost of servicing the loan for the project shortfall, the subsequent annual cost to the Town is calculated as approximately \$88,100 per year (20-year loan term).

Currently the Town leases the roof space on the existing facility to two telecommunications providers. These leases will not be renewed upon the completion of their respective terms and the infrastructure will be removed prior to demolition of the existing facility. However, it is expected that a new location within the precinct will be found for the infrastructure and new leases will be established of similar or greater value than existing ones, therefore the financial impact to the Town

of the change in telecommunications leases is likely to be minor. This is considered a cost neutral element of the proposal.

The lease between the Town and the PFC has been structured to be as cost neutral to the ratepayers as possible while still supporting the beneficial social environment in an equitable manner, compatible with the provision of other public infrastructure. To the extent that there is a commercial element in the PFC's activities, the ratepayers are reimbursed to a larger extent.

The proposed development looks at the facility in two categories. The long-term structural elements have an estimated useful life of 50 years. On the other hand, the shorter-term fit outs (flooring, carpeting, water heating systems, etc.) have the characteristics that mean they will need replacing several times during the life of the building, and they are consumed more or less rapidly depending on the users of the building. These are termed *volatile elements* to reflect their more frequent replacement.

The Town achieves both equity and cost-neutrality to the ratepayers by charging the users of the building for the replacement of the short-term volatile elements. This reflects the social nature of the PFC's activities. If, however, a tenant engages in commercial activity, the Town views that part of their activities as resembling a commercial entity operating out of a shopping centre, where the building owner would seek to recover all the lifecycle costs (initial establishment of the building, renewals during its life, and final demolition) from the users. In the case of the PFC, the lease recovers a pro-rated part of the long-time structural costs because of minor element of commercial activity.

Impacts if delayed or not delivered

Any delay presents a significant risk to the project as described in this business plan. This is due to the federal funding commitment of \$4 million being associated with the Community Development Grants Program that is closing at the end of 2025. With an 18 month estimate on the program, construction is required to commence in mid-2024. If the required timeline is not achieved, the potential exists for the federal funding support of the project to be withdrawn. This would be a lost opportunity for federal assistance in renewal of a local government asset. It would also increase the funding shortfall and require the Town to loan a greater amount if the project was to still to be delivered. This would reduce the ability of the Town to deliver other projects and services within its annual budget.

If the project was not delivered, the challenge of the existing large-scale asset at the end of its useful life would remain. This would require new approaches not contained in the proposal, or yet determined by the Town. Current funding commitments would be in jeopardy and the Town would potentially be responsible for the full cost of the Zone 1 redevelopment.

The building would continue to degrade, reducing the value of the facility to the local community and women's football games would continue to use inappropriate facilities.

It is estimated that the project has cost the Town approximately \$800,000 in consultancy and staff time in the four years since the adoption of the project mandate in 2020. This investment by the Town to achieve the current level of funding and project resolution could be considered somewhat abortive if the project is not delivered.

In addition, there is an opportunity cost if the development is not delivered and a risk of missing the chance to deliver the full community-developed vision and aspiration for Zone 1 of the Lathlain

Precinct Redevelopment Project and its intended broader economic and social benefits to the local area.

Not delivering the project would constitute a failure to complete the broader Lathlain Precinct Redevelopment Project, leaving a single area that is out of step with the revitalised nature of the rest of the precinct. The benefit provided by the overall precinct revitalisation is greater than the sum of its individual elements due to the interconnectedness of these elements. Therefore, already completed areas within the precinct are prevented from reaching their full social and economic value without the completion of the Development.

Its expected effect on matters referred to in the local government's current plan prepared under section 5.56

Section 5.56 of the Act requires that a local government 'plan for the future of the district' and ensure that those plans 'are in accordance with any regulations made about planning for the future of the district.'

In accordance with the *Local Government (Administration) Regulations 1996*, the Town has prepared:

- The 2022-2027 Corporate Business Plan; and
- The 2022-2032 Strategic Community Plan.

Strategic Community Plan and Corporate Business Plan

In the Town's Corporate Business Plan 2022-2027, the key components that are in keeping with the Proposal and the Town's plans for the future of the district are outlined below:

- The Town will deliver many actions to realise outcomes contained within the Strategic Community Plan. Aligned with the community priorities and the Town's objectives, each action helps the Town progress.
- The purpose of the Town includes serving the community. These services satisfy public needs and enable community wellbeing.
- The Town will utilise 26 groupings to deliver the priorities within the Strategic Community Plan. Each area works together to deliver actions that work to achieve the community's vision and services aligned to the shared purpose.
- The Town has several partnerships that help with achieving community priorities and Town objectives. These are listed further below along with their intended purpose.

From time-to-time State Government planning has a significant impact on how local governments plan and operate. These strategies and plans need to be considered when planning for the future of the Town.

The Strategic Community Plan specifically identifies the Town's objective to undertake the Development to complete the Lathlain Precinct Revitalisation Project as its final stage. It is included in the long-term projects section and is described as one of the projects planned to take place during the life of the plan to help with achieving the vision for the future. Undertaking the Proposal achieves the project and the project's stated goals as identified within the Strategic Community Plan. Furthermore, the Proposal is also considered to align with and support the achievement of the following priorities of the Strategic Community Plan.

EN4: Providing facilities that are well-built and well maintained.

The proposal assists achievement of this community priority through replacing a Town owned facility that is of poor condition with a contemporary, high-quality facility that enables improvement and expansion of the services delivered from the site. The proposal is aligned with the following goals of this community priority:

- *Provide facilities that are fit-for-purpose and cater for community needs and the services desired.*
 - Achieved through upgrading to a contemporary facility that caters for women's football and provides improved game day experience for all. The facility also provides a community need as a temporary disaster refuge.
- *Provide facilities that are accessible, inclusive and cater for everyone.*
 - Achieved through full compliance with contemporary disability access standards. The project also addresses the issue of gender inequity in football facilities and will provide a suitable facility for elite level women's football teams.
- *Ensure the Town's facilities are presented in a clean, hygienic manner.*
 - The current facility is well below this goal and the proposed facility, particularly kitchen spaces will meet contemporary standards.
- *Ensure the Town's facilities are inspected regularly and remain in acceptable condition.*
 - Achieved through inclusion in the Key Terms of the new lease with the PFC.
- *Ensure the life of assets is planned and managed.*
 - Achieved as the Key basis of the lease with the PFC.
- *Increase number of facilities that meet environmental sustainability design outcomes.*
 - Achieved through delivery of a development that meets or exceeds all the requirements under the Green Star Positive category.
- *Reduce emissions for facilities and assets.*
 - Achieved through a planned target for minimum 10% reduction in carbon emissions compared to a reference building through use of low carbon concrete, and low absorption paint and adhering to section J 2019 standards for glazing and fabric.
- *Increase the amount of council facilities powered by low carbon fuels or renewable energy.*
 - Achieved through integration of a 100kW solar photovoltaic (PV) system.

EN3: Enhancing and enabling liveability through planning, urban design, and development.

The proposal assists achievement of this community priority through delivering a development that completes a precinct level revitalisation. The project will further enhance the use and experience of Lathlain Park, its facilities and its surrounding environment. This will be of great social, economic and amenity value to the local community. The proposal is aligned with the following goals of this community priority:

- *Design parks, streets and lanes to create a great environment for people to live.*
 - Achieved through upgrading the adjacent Goddard Street streetscape and the Lathlain Park within the Zone 1 area.
- *Improve the energy and water efficiency of new and upgraded buildings and planned places (precinct structure plan areas and major facilities).*
 - Achieved through measures described above for EN4, along with heat pump water systems and water efficient fixtures.
- *Design special places to contribute to a diversity of public spaces for informal socialisation.*
 - Achieved through building upon the site's history as a community gathering hub and enhancing this community attraction through improved quality of experience, addition of a multipurpose community centre within the facility and improving the openness of the facility's interface with the public realm.
- *Safeguard and enhance the Town's unique historical residential and streetscape character.*
 - Achieved through ensuring continuation of the sites use since 1958 and ensuring longevity of a club with 125 years of history. The design of the built form draws on the heritage character of the surrounding built form and provides spaces and design interventions that allows the celebration of the site and the club's history.
- *Ensure the mix of land uses, location and quality of development maximise amenity and quality of life.*
 - Achieved through combining elite men and women's football, grass roots football, events and community services in the site maximising its activation and influence on the quality of life of the community.
- *Maintain and enhance a sustainable and viable hierarchy of activity centres and employment areas.*
 - The project achieves this priority through further enhancing the Lathlain Park Precinct as the major activity centre in Lathlain.

The ability of the local government to manage the undertaking or the performance of the transaction

The Town has requisite experience in managing finances, projects, place planning, precinct development and connectivity of the Proposal's size and complexity.

The Town's Infrastructure Project and Town Planning and Development units have managed development projects for major residential and commercial development, high value site masterplans, and assessed complex and significant development applications.

The Town will be accountable for ensuring the Development is undertaken in accordance with any conditions of approval granted by the Western Australian Planning Commission's Statutory Planning Committee. Town officers will also be responsible for meeting the reporting, timeframe, and scope requirements of the external funding agreements. A project management firm specialising in large-scale construction projects will be contracted to assist in the establishment and management of the construction contract.

Legal services will be utilised to create the legal documents required to formalise the relationship and to facilitate the Proposal. This approach ensures any legal and financial risks to the Town are mitigated.

Overall Assessment

Based on the following factors, the overall assessment of the Proposal is positive.

- Utilising external funding sources to address a large-scale asset risk;
- Completing a long-term, precinct level revitalisation project by delivering the final stage of the activity centre.
- Supporting the achievement of objectives within the Strategic Community Plan and achieving a project identified within the Strategic Community Plan;
- Supporting the Town's capacity to deliver services and facilities (including particularly sporting and social infrastructure);
- Having expected positive impact on the local economy of the area; and
- Facilitating the continuation of a historical use of the site.

Comments on the Business Plan

The Business Plan is open for public submissions for a period of six (6) weeks under Section 3.59 of the *Local Government Act 1995*.

A copy of the Business Plan can be accessed through the Town of Victoria Park's online engagement portal at www.yourthoughts.vicpark.wa.gov.au with hard copies available on request at the Town of Victoria Park Administration Office (during opening hours).

Comments on the proposed Business Plan are invited from all members of the community until 2 April 2024. Submissions can be made online at www.yourthoughts.vicpark.wa.gov.au, by email to admin@vicpark.wa.gov.au, or by mail to Chief Executive Officer, Town of Victoria Park, Locked Bag No. 437, Victoria Park 6979 (marked "Business Plan – LPRP Zone 1").

ATTACHMENTS:

Attachment 1 - PFC Draft Key Terms .

Attachment 2 - Key Terms - WCE Partial Surrender of Lease and Construction Licence.

Attachment 3 - Site Plan - WCE Partial Surrender of Lease and Construction Licence.

Attachment 4 – Lathlain Park Zone 1 Funding Analysis.

Attachment 5 - Development Application plans.

