

City of South Perth

# BUSINESS PLAN

COLLIER PARK GOLF COURSE



City of  
South Perth



# Business Plan

This Business Plan considers the existing services, as well as new and improved services within the Collier Park Golf Course (CPGC). The new and improved services include mini golf and the expansion to the Driving Range. An expansion of the Driving Range is subject to further study, particularly its location and design in response to other City of South Perth (City) initiatives, such as the Recreation and Aquatic Facility (RAF). Therefore the main focus of this Business Plan is the continuation of the existing CPGC and the creation of a mini golf facility. The mini golf component of the Business Plan may commence immediately, as it will have a positive impact on the existing GPGC services and importantly the proposed location does not impact on a possible location of a RAF.

Due to the existing GPGC arrangements and land tenure, a Business Plan, in accordance with Section 3.59 of the *Local Government Act 1995* (the Act), was considered the most appropriate mechanism for the development of mini golf. Whilst this Business Plan, entering into a Major Trading Undertaking, considers the whole CPGC, the primary focus is the creation and management of mini golf.

Before determining to proceed with a Business Plan, Council is required to seek public feedback via statewide advertising over a 6 week period. Following Council consideration of all public feedback, Council may choose to proceed with the Business Plan, or not.

## 1. Introduction

The City's Strategic Community Plan 2017-2027 (SCP) has the Vision "A city of active places and beautiful places". This proposal has been developed in accordance with the SCP, as described in section 2.4 of this Business Plan.

In 2017 the City of South Perth (City) advertised a public tender (RFT 14/2017) for the Management of the Collier Park Golf Course (CPGC) in accordance with section 3.57 of the *Local Government Act*. Council awarded that tender to Clublinks Pty Ltd (Clublinks), facilitating a Course Controller Agreement and a Lease of Buildings at the Collier Park Golf Course. Clublinks commenced operations under the terms of these two agreements on 28 March 2018. In addition, it was expected that Clublinks would commence a master planning process, with the aim of broadening the service offering within the CPGC.

Across the world, including in Australia, as with many sport and leisure activities, golf has been undergoing changes, in particular responding to the changing needs of society, with a preference for shorter forms of individual and team pursuits. In terms of broadening the offering, two elements stand out as worthy of considering in the short term to medium term, these being mini golf and an expansion of the driving range.

Whilst mini golf has been available for many years, these tended to be stand-alone facilities, separate to a golf course. Increasingly, mini golf has become complimentary as an integral component of a golf course. Likewise, whilst the CPGC does have a traditional driving range, expansion as well as adding technology to enhance the user experience is considered an attractive option. An expanded driving range requires further analysis, particularly the location and design in the context of other initiatives, such as the

Recreation and Aquatic Facility (RAF). The creation of a mini golf facility could be progressed now without impacting on the existing GPGC, now a possible location of a RAF.

The City established the Collier Park Golf Course (CPGC) in 1984, prior to the *Local Government Act 1995* and the introduction of section 3.59 – Commercial Enterprises by Local Governments. This section, and corresponding Regulations, require the City to prepare a Business Plan before it considers entering into a major land transaction and/or major trading undertaking. *The Local Government (Functions and General) Regulations 9* describe a major trading undertaking as the lessor of \$5 million or 10% of the operating expenditure (approximately \$6.1 million).

The proposal to expand the CPGC offering, adding mini golf and an expanded driving range may not trigger the requirements for a business plan under Regulation 9, however it is considered prudent to take a conservative approach and allow for the growth of these combined business activities, which are likely to facilitate the requirement to undertake a Business Plan at some time in the future.

A business plan, in accordance with section 3.59 of the *Local Government Act 1995* (the Act) requires consideration of public comments, prior to its commencement/implementation. The public comment period, advertised state wide, is to be open for a period of not less than six weeks. During this advertising period, submissions are invited from members of the public.

Council must consider any submission received during the advertised period before it decides to proceed (or not) with the Business Plan. The Business Plan has been developed to comply with the Act and the *Local Government (Functions and General) Regulations*.

## 2. The Proposal

The proposal is for the construction and operation by Clublinks of a mini golf facility within the CPGC, the approximate site is depicted in Attachment A. To facilitate this, the main responsibilities are described as:

### Clublinks Pty Ltd

- Design and construct the mini golf facility, in accordance with City standards, to be achieved via a Development Services Agreement (new)
- Operate the mini golf facility, in accordance City standards, to be achieved by a variation to the Course Controller Agreement (existing). In accordance with this variation, pay the City of South Perth 60% of gross revenue of the mini golf.

### City of South Perth

- Purchase the mini golf facility following its construction, up to the value of \$2,000,000
- Amend the Course Controllers Agreement to allow Clublinks to operate and manage the mini golf facility.

In a both a practical and commercial sense, one organisation operating both golf and mini golf was considered to deliver the best outcome for customers and the City. In a legal sense, the CPGC Course Controllers Agreement (CCA) creates exclusive access for Clublinks until the CCA and the Lease Agreement

expire on 27 March 2023. Therefore Clublinks are the only possible provider of this service, until 28 March 2023. This proposal has been designed to cater for a new competitive Tender process, as required under section 3.57 of the *LG Act*, to procure a Course Controller from 28 March 2023. This process may or may not include Clublinks.

The construction process for the establishment of the mini golf facility may be described as a two-stage process, this being:

1. Planning, feasibility, design and building approval process; and
2. Following approval by the City, construction, asset handover and commence operations.

Both stages are to be undertaken by Clublinks, with supervision from the City. The City retains absolute discretion in relation to the approval to proceed from Step 1 to Step 2. Each stage will contain an agreed fixed total fee, with progress payments relating to milestones. The fee is described as a maximum fee (above), as design and cost estimates are preliminary. Finalisation of design and cost will form part of the Development Services Agreement.

### **2.1. Expected effect of the provision of facilities and services by the City of South Perth**

The City controls the public CPGC, operated by Clublinks, offering golf across 27 holes, as well as associated services (driving range, retail, cart hire, coaching and hospitality). The proposal is likely to have a positive effect on the provision of facilities and services at the CPGC and therefore services by the City of South Perth.

The proposal is not expected to have a positive or negative effect on the current provision of other facilities and services by the City, as this is contained within the CPGC. However, as the mini golf will attract additional revenue, this may assist in the funding of existing facilities and services.

The City received a Liberal (Federal) Party commitment for \$20M to construct Recreation Aquatic Facility (RAF) during the 2019 Federal Election. The process to undertake a RAF will be subject to a separate process and may involve a site in close proximity to the mini golf, however it is considered that this proposal does not affect that separate process.

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

In addition to the CPGC (public), operating within the City is the Royal Perth Golf Club, a private members club, operating 18 holes and function facilities for its members and the wider community. The CPGC and Royal Perth Golf Club have co-existed since 1984. In terms of mini golf or an expanded driving range, it is considered unlikely the Royal Perth Golf Club may be adversely effected as Royal Perth Golf Club is a private members club.

Within the City, there are no golf plus mini golf facilities, the nearest is located at the Wembley Golf Course, approximately 16km in distance from the CPGC. It is possible that mini golf facilities become available at Whaleback Golf Course (11km from CGPC) and/or Point Walter Golf Course (13km from CPGC) in the future.

## 2.3. Expected financial effect on the City of South Perth

### Existing CPGC

The existing GCPG Annual Operating Revenue and Expenditure are contained within the Annual Budget each year, forming part of the Statutory Reports and detailed in the Management Budget. For the 2019/20 Annual Budget the Operating Revenue Budget (\$3.06m) is represented on page 3.2 and the Operating Expenditure Budget (2.54m) is represented on page 3.4.

### Mini Golf Facility

The acquisition of the mini golf facility, being the construction and subsequent operation by Clublinks, will impact on all three of the main statutory financial statements, these being the Comprehensive Income (Profit & Loss), the Statement of Financial Position (Balance Sheet) and the Statement of Cashflows. In addition, this information will be detailed in the Management section of the Budget and Monthly Financial Management Reports.

In terms of the Balance Sheet, the acquisition (on commissioning) will result in an increase in the Non-Current Assets and a reduction in the Non-Current Assets (Cash) or increase in Current and Non-Current Liabilities, should the City choose rely on a loan (or partial loan) through WA Treasury Corporation.

Once the operations commence, the Non Current Asset will reduce over time, represented by the Accumulated Depreciation, with possible revaluations, in accordance with Australian Accounting Standards and the Local Government Act and Regulations.

In terms of the Profit and Loss, there will be Operating Revenue and Operating Expenditure in relation to the use of the facility each year. These amounts will be included in the Annual Budget of the City, approved by Council. A summary of the balances are reported in the Monthly Financial Statements to the Ordinary Council Meetings, as well as reported the in Annual Financial Statements, audited by the WA Auditor General.

Annually, it is expected the Net Operating benefit (Operating Revenue less Operating Expenditure) is likely to be approximately \$250,000 per annum, depending on the final design and operation success. This Net Operating benefit includes a Depreciation Expense of \$100,000 per annum, therefore the annual cash improvement would be approximately \$350,000 per annum. The payback period is expected to be approximately 6 years. The Net Present Value, over 20 years at 6% is approximately \$4.5M.

On this basis, if Council were to approve the Business Plan, the operation of a mini golf facility will have a positive effect on the Financial Health, as described as the Financial Health Indicator Score, for the City over the life of the facility.

In terms of financing the Capital component, the options available are: Municipal Funds, Reserve Funds, Loan or a combination. Each of these options have implications in terms of either reduced Operating Revenue (Interest Income) and/or Increased Operating Expense (Interest Expense). Council will determine the funding option if Council approve proceeding with the Business Plan, following public comments.

## Expansion of the Driving Range

As previously described, the Business Plan references an expansion of the driving range, however no financial analysis has been undertaken as it is not possible without first considering the site of the facility. Whilst there is an existing driving range facility, an expanded facility may or may not be constructed at that same location. This analysis may be undertaken once the location of the proposed RAF has been determined. This may or may not require an additional Business Plan to be prepared.

## 2.4. Expected effect on matters referred in the City of South Perth Strategic Community Plan 2017-2027

**Vision:** A city of active places and beautiful spaces

The four key strategic directions/aspirations as below, with the relevant strategies (dot points):

**Community:** A diverse, connected, safe and engaged community

- Develop and facilitate services and programs to respond to changing community needs and priorities
- Facilitate and create opportunities for social, cultural and physical activity in the City
- Encourage and educate the community to embrace sustainable and healthy lifestyles

**Economy:** A thriving City activated by innovation, attractions and opportunities

- Embrace and facilitate unique events and attractions on or near the foreshore and reserves around the City

**Environment (Built and Natural):** Sustainable urban neighbourhoods

- Improve the amenity value and sustainable uses of our streetscapes, public open spaces and foreshores

**Leadership:** A visionary and influential local government

- Be agile to stakeholder, community and customer needs
- Maximise and diversify non-rate income

## 2.5. The ability of the City of South Perth to perform the transaction

The City has an experienced team of professional staff and contractors capable of managing the transactions relating to this Business Plan.

## 2.6. Other matters of which details are required to be given

Nil.

### 3. Business Plan access and submissions

The Business Plan is available from the City's website [www.southperth.wa.gov.au](http://www.southperth.wa.gov.au). Alternatively you can request a copy by telephone (08) 9474 0777 or via email [enquiries@southperth.wa.gov.au](mailto:enquiries@southperth.wa.gov.au).

A hard copy of the Business Plan is available at:

- City Administration or South Perth Library: Cnr South Tce & Sandgate St, South Perth WA 6151
- Manning Library: 2 Conochie Cres, Manning WA 6152

Submissions related to this proposal are invited from members of the public. Any submissions received during the six week advertising period will be considered by Council, at a Council Meeting, before Council make a decision on whether to proceed with the Business Plan, or not.

To make an online submission, visit [yoursay.southperth.wa.gov.au](http://yoursay.southperth.wa.gov.au). Written submissions should be addressed to: Chief Executive Officer, City of South Perth, Cnr Sandgate St & South Tce, South Perth, WA 6151 or emailed to [enquiries@southperth.wa.gov.au](mailto:enquiries@southperth.wa.gov.au).

Submissions must be received by 5pm, Monday 11 November 2019.

Any enquiries relating to this proposal should be directed to the Manager Business & Construction, Jacqueline Scott on (08) 9474 0912.

## Attachment A

Below are two images that are indicative of the likely location of the mini golf facility within the Collier Park Golf Course (CPGC). CPGC is located west of Curtin University, the location address is Hayman Rd, Como. CPGC boundary is Hayman Rd to the North, Murray St to the West, Jackson St to the South and Kent St to the East.



This image depicts the entire CPGC, with Kent St and Curtin University to the East. The red lines depict the approximate location of the mini golf within the CPGC.



This image provides a close-up of the likely layout of the mini golf, being to the east of the existing Club House (orange roof). This image is indicative only and subject to change through the design process, should Council agree to proceed with this Business Plan, following the close of the public comment period.