



# Business Plan

Proposal for the City of Karratha to partner with DevelopmentWA to construct enabling infrastructure and public open space to develop a minimum of 130 residential lots ready for construction of residential dwellings on Part of Lot 501 Maitland Road, Mulataga.

## Contents

1. Introduction .....	3
2. Background .....	4
2.1. Housing Support Program - Community Enabling Infrastructure .....	4
2.2. Mulataga .....	5
2.3. Council Decisions .....	6
3. Proposal .....	7
3.1. Key Terms and Financial Arrangements.....	7
3.2. Land Tenure.....	8
3.3. Maps and Plans .....	9
3.4. Statutory and Contractual Land Allocations.....	10
3.5. Project Benefits .....	11
4. Timeline.....	11
5. Legal Structures/Agreements.....	12
6. Project Financials.....	13
6.1. Project Construction Costs .....	13
6.2. Cash Flows – City .....	13
7. Risk Analysis.....	14
7.1. Risk Assessment Framework.....	14
7.2. Proposal Risk Analysis .....	15
8. Council Financial Implications .....	16
9. Council Policy Implications .....	16
10. Legislative Compliance .....	17
10.1. <i>Local Government Act 1995</i> - Business Plans.....	17
10.2. <i>Local Government (Functions and General) Regulations 1996</i> - Business Plans .....	18
10.3. <i>Local Government Act 1995</i> - Disposal of Property .....	20
11. Summary .....	20

# 1. Introduction

The Mulataga subdivision has been a long-standing objective for both the City of Karratha and the State Government. Initiated over a decade ago during the last resource sector boom, the project aimed to develop up to 2,000 homes on block sizes ranging from 600m<sup>2</sup> to 800m<sup>2</sup>. Groundbreaking occurred in December 2013, with earthworks commencing for the first 60 lots. However, the abrupt end of the boom in 2014 led to a surplus of land, reduced demand, falling market values and high development costs, causing the project to be postponed in October 2014.

Currently, the City is experiencing another resource-driven boom, resulting in a housing shortage and diminishing stock of vacant land. The City identified a funding opportunity through the Commonwealth Government's Housing Support Program (HSP), specifically Stream 2, which supports projects enabling residential housing through community infrastructure.

The construction of residential lots in Mulataga is critical to meeting the projected demand for new housing and offers an opportunity to provide diverse density and built forms through a mix of lot sizes. Following discussions with DevelopmentWA ('DevWA'), the State Government's central land development agency and owner of Lot 501 Maitland Road Mulataga, the City submitted a successful application for HSP grant funding, securing \$22.1 million to deliver Stage 1 of Mulataga. This includes detailed design and construction of essential infrastructure for a minimum of 130 development-ready lots.

As a result of the approved funding, the City proposes a Major Land Transaction involving:

- The potential acquisition of Lot 501 Maitland Road Mulataga from DevelopmentWA if required;
- Construction of part of Lot 501 Maitland Road Mulataga to provide a minimum of 130 development ready residential lots and developed public open space; and
- Sale of Lots and retention of the undeveloped balance of Lot 501 by DevelopmentWA.

In undertaking the proposed Major Land Transaction, it is not the preference of either the City or DevWA for the City to acquire Lot 501. This option has been provided for only if required to meet the terms of the HSP grant funding.

The proposal aligns to Council's approved Strategic Community Plan 2020-2030, the Corporate Business Plan 2020-2025 and the Operational Plan 2024-2025, in particular:

- *Strategic Community Plan 2020-2030:*
  - o *2.a.1 Partner with key industry and business groups to advocate for investment*
  - o *2.c.1 Land and infrastructure is available for a variety of business investment purposes*
- *Corporate Business Plan 2020-2025 Programs/Services:*
  - o *2.a.1.2 Enhance Industry Partnerships*
  - o *2.c.1.2 Land Development and Management*
- *Operational Plan 2024-2025 Projects/Actions:*
  - o *2.a.1.1.20.2 Advocate for partnerships to increase housing supply*
  - o *2.c.1.2.22.10 Advocate for release of subdivision stages in new residential estates (ie Mulataga)*

This Business Plan has been prepared in accordance with the provisions of the *Local Government Act 1995* and the *Local Government (Functions and General Regulations) 1996*. It is intended to seek public comment on the Business Plan for a period of six (6) weeks. Council will consider all submissions received on the Business Plan prior to making a final investment decision.

## 2. Background

The City's Cumulative Impact Plan completed in partnership with the Pilbara Development Commission, identifies a significant shortfall in residential dwellings to meet the needs of a growing population driven by significant industrial projects in the region. There is a shortfall in excess of 900 dwellings to meet current demand, with modelling indicating this will grow to over 2,000 dwellings in the next five years.

Karratha's mean asking rent has increased from below \$500 p/week in 2019, to over \$1,336 in March 2025.

Industry is constructing dwellings to meet the needs of an increased operational workforce for new projects – a significant number of development ready vacant land has been committed to these builds. The pipeline of development-ready residential vacant land is diminishing.

The community has identified housing as a primary issue. Failure to provide housing aligned with economic development negatively impacts the community as costs of living soar and Karratha is rendered unaffordable and unliveable. In recent years the City has acted to address this. These efforts include building properties on lazy lands, providing subsidised housing for service workers, and collaborating with developers, State and Federal governments to enable new housing.

### 2.1. Housing Support Program - Community Enabling Infrastructure

The Australian Government's \$500 million Housing Support Program (HSP) is one of a range of measures designed to help achieve National Housing Accord's target of building 1.2 million new, well-located homes over 5 years from 1 July 2024. The HSP is delivered through the Department of Infrastructure, Transport, Regional Development, Communication and the Arts (the Department). The second stream of HSP funding provides funding for projects which support the delivery of increased housing supply through the construction of enabling infrastructure and community amenities.

After consultation with DevWA, the City submitted an application for the Housing Support Program Community Enabling Infrastructure Stream (HSP-CEI) in August 2024. The application sought funding to assist with the delivery of development ready residential lots to market in Mulataga, including:

- Acquisition of part of Lot 501 Maitland Road Mulataga (13ha);  
*(\*noting that while this was included in the grant application, it is no longer the preferred option for land tenure in order to deliver the completed lots)*
- Completion of detailed design;
- Procurement and management of construction works (earthworks, sewer, water, drainage, power, communications, landscaping, roadworks etc); and
- Payment of headworks and statutory authority fees and charges.

The application identified the following benefits which aligned with the HSP-CEI objectives:

- Increasing land/housing supply immediately by 130 lots in a well-located area adjacent to existing housing and amenities;
- Facilitating the unlocking of a further 1,270 lots over the longer term;
- Providing a range of lot types to enable diverse housing typology and affordability;
- Placing downward pressure on land/housing prices through additional supply;

- Provides a number of lots for social and affordable housing; and
- Provides access to land/housing for First Nations people.

The City was successful in securing \$22,111,000 of HSP-CEI funding to assist in delivery of residential lots in Stage 1 of the Mulataga subdivision. Funding agreements (inclusive of the terms and acquittal requirements) are yet to be provided to the City, however the grant outcome letter is attached as Appendix A.

Whilst the HSP is a federal government initiative, funding is administered through state-based schedules to the Federation Funding Agreement. The caretaker period leading up to an election requires that the government does not provide any commitment or undertaking which may bind an incoming government and/or limit its freedom of action. The caretaker period for the WA State Election, and the Federal Election has delayed preparation and execution of a state and local government grant agreement.

## 2.2. Mulataga

Mulataga is surrounded by the suburb Bulgarra to the west, the Karratha Hills and future urban expansion area to the south, Nickol Bay to the north, and undeveloped land to the east. The Back Beach boat ramp lies to the northeast of the site via Bayview Road.

Mulataga's development site comprises approximately 171.5 ha of land across the following parcels:

Lot Number	Area
Lot 501 Maitland Rd	44.67 ha
Lot 502 Maitland Rd	82.42 ha
Lot 4638 Bayview Rd	36.43 ha
Lot 4661 Bayview Rd	4.87 ha
Lot 4654 (Bayview Rd/Road Reserve)	3.18 ha

Lot 501 is owned in freehold by DevelopmentWA with the remaining lots owned by the State Government.

In 2012, the Mulataga Development Plan was lodged with the then Shire of Roebourne by LandCorp (now DevelopmentWA), Mirvac, and Roberts Day. The Plan was prepared to provide the statutory framework for the future subdivision and development of a 171ha parcel of land. Finalising the Plan was a key recommendation of the Karratha City of the North Plan to facilitate future growth.

The Plan was prepared to accommodate up to 2,000 dwellings comprising a mix of low density (R20 single dwellings) and high density (up to R100 4 storey apartments), a 'coastal activity' node, associated foreshore reserve, commercial development, primary school, and recreation and conservation areas.

The Plan proposed subdivision design focused on maximising dwelling yield at a time of high demand. The preparation of the Structure Plan was guided by early and ongoing engagement with the Ngarluma Traditional Owners and Murujuga Aboriginal Corporation since inception.

The coastal node forms an integral part of planning for the wider City, providing the basis for Mulataga to contribute towards liveability for the City and the transformational vision to turn Karratha into the predominant City of the north-west.

Stage 1 subdivision was approved by the Western Australian Planning Commission (WAPC) in September 2013 ahead of the plan being finalised. Bulk earthworks were completed for the first 60 residential lots. As demand for housing eased, Mirvac withdrew as a partner in the development. The land development stalled as the housing market softened, with adequate supply of residential lots on the market, including 90 lots in LandCorp's Madigan Estate development with additional development ready lots in Baynton and Tambrey. Low demand, with LandCorp's commitment to ongoing development works in Madigan Estate and high development costs for Mulataga resulted in the development being placed on hold in October 2014.

Primarily, the cessation of construction of enabling infrastructure in Mulataga between 2014 and the present was a result of:

- High development costs;
- Low demand for land/new builds; and
- Sufficient stock of vacant land available on market.

A Structure Plan for Mulataga was endorsed by the WAPC in June 2020 and a new subdivision plan for Stage 1 (Lot 501) was lodged with WAPC in October 2024. A copy of the Mulataga Structure Plan is available at <https://karratha.wa.gov.au/building-and-land/planning-legislation-and-guidelines/local-structure-plans> while the Stage 1 subdivision plan included as Appendix B.

The City's success in securing funding through the Housing Support Program (Community Enabling Infrastructure Stream) mitigates the high cost of bringing new lots to market. By overcoming the financial constraints through the Commonwealth Grant and the Funding the City is seeking to take greater control in the supply of residential land by unlocking the initial staged subdivision of Mulataga, significantly boosting land and housing supply as well as affordability.

Combined with diminishing supply of vacant land and improved building methodologies (reducing construction costs), the market conditions are favourable for delivery of a new pipeline of development ready lots in Mulataga.

### **2.3. Council Decisions**

Subsequent to being awarded the HSP funding, Councillors were briefed at the Councillor workshop on 3 February 2025 and a formal report on the matter was considered at the March 2025 Ordinary Council Meeting.

Council resolved to:

1. ENDORSE the City of Karratha/DevelopmentWA Term Sheet for collaborative delivery of Stage 1 of Mulataga;
2. AGREE to prepare and advertise a Business Plan reflecting the City of Karratha/DevelopmentWA Term Sheet calling for public submissions in relation to the development of Stage 1 of Mulataga in accordance with section 3.59 of the *Local Government Act 1995*; and
3. NOTE that a further report will be presented to Council after the public advertising period.

### **3. Proposal**

#### **3.1. Key Terms and Financial Arrangements**

The City proposes to engage DevWA through appropriate agreements to deliver the Project. In addition to the Federal Funding, DevWA will contribute funds to maximize lot yield and improve public amenities within the development. This funding will be recouped through the sale of residential lots over a 10-year period.

Since the announcement of HSP Funding in January 2025, the City and DevWA have been working towards a delivery model for the project. They have agreed on a set of Key Terms that will form the framework of the proposed Development & Project Management Agreement.

Subject to the terms and conditions of the Commonwealth Grant relevant to the Federal Funding:

**The City will be responsible for:**

- Managing and administering the Funding.
- Maintaining accurate and up-to-date accounts and records in accordance with Australian Accounting Standards and providing them to the Department.
- Preparing and submitting financial statements and progress reports to the Department.
- Engaging DevWA to plan and deliver the Project.
- Drawing down on the Funding and paying DevWA all agreed Project Expenses in accordance with tax invoices issued by DevWA, which may be issued and paid in advance of incurring any expenditure.

**DevWA will be responsible for:**

- Obtaining all necessary approvals for the Project.
- Identifying the optimal Project configuration to meet market expectations.
- Executing the Project in accordance with all approvals and the Subdivision Approval to create and potentially sell the Lots within the specified timeframe.
- Notifying the City of any material changes or delays in the Project.
- Engaging necessary contractors and consultants.
- Managing the day-to-day operations of the Project.
- Providing the City with status reports, estimated timelines, budgeting, cashflow projections, and other relevant information.
- Maintaining accounts and records in accordance with Australian Accounting Standards for financial management and the receipt and application of proceeds from the sale of Lots.

**The City and DevWA will:**

- Establish and document a reimbursement mechanism for Project Expenses based on DevWA's cost recovery model, once the terms and conditions of the Commonwealth Grant are received.

The net proceeds from the sale of Lots, will be applied toward repayment of DevWA's contribution to the project. The project proposal seeks to deliver sufficient income from lot sales to fully repay DevWA's contribution to the project over time, but does not anticipate delivering enough lots to generate surplus proceeds. Future subdivision stages of Mulataga will be undertaken by DevWA subject to demand, and in the normal course of its activities. The City is not expected to be a party to future land development at Mulataga.

### 3.2. Land Tenure

The funding application was submitted for "*Mulataga Acquisition and Associated Works for Residential Housing*." The land is currently held in freehold by DevWA, with the subdivision representing only a portion of Lot 501. Facilitating acquisition by the City requires additional steps in subdividing the lot before titles for developed lots can be issued. The parties believe that delivering a minimum of 130 residential lots can be achieved without these additional steps, subject to the HSP funding agreement conditions.

While awaiting the HSP funding agreement, two options for land tenure during development have been outlined:

**Partnership Option A – DevWA to retain freehold:** This preferred option allows DevWA to retain freehold title over Lot 501 during development, with the City contributing HSP funding without acquiring any land interest. Developed lots will be excised from Lot 501 upon issue of titles.

**Partnership Option B – City to acquire freehold:** If required by the terms of the HSP funding and no alternative solution can be found, the secondary option is for the City to acquire the subject land during development of the lots. To facilitate the City's acquisition of the subject land efficiently, the parties propose the following key terms:

- DevWA will transfer Lot 501 to the City with the portion comprising stages 1A and 1B of the Subdivision Approval held both legally and beneficially while the balance land will be held by the City on bare trust for DevWA.
- DevWA will procure the subdivision of Lot 501, obtain necessary approvals, and apply for new titles for the subdivided land.
- The City will pay DevWA \$400,000 for the Stages 1A and 1B Land at settlement and transfer the balance land back to DevWA at no cost.



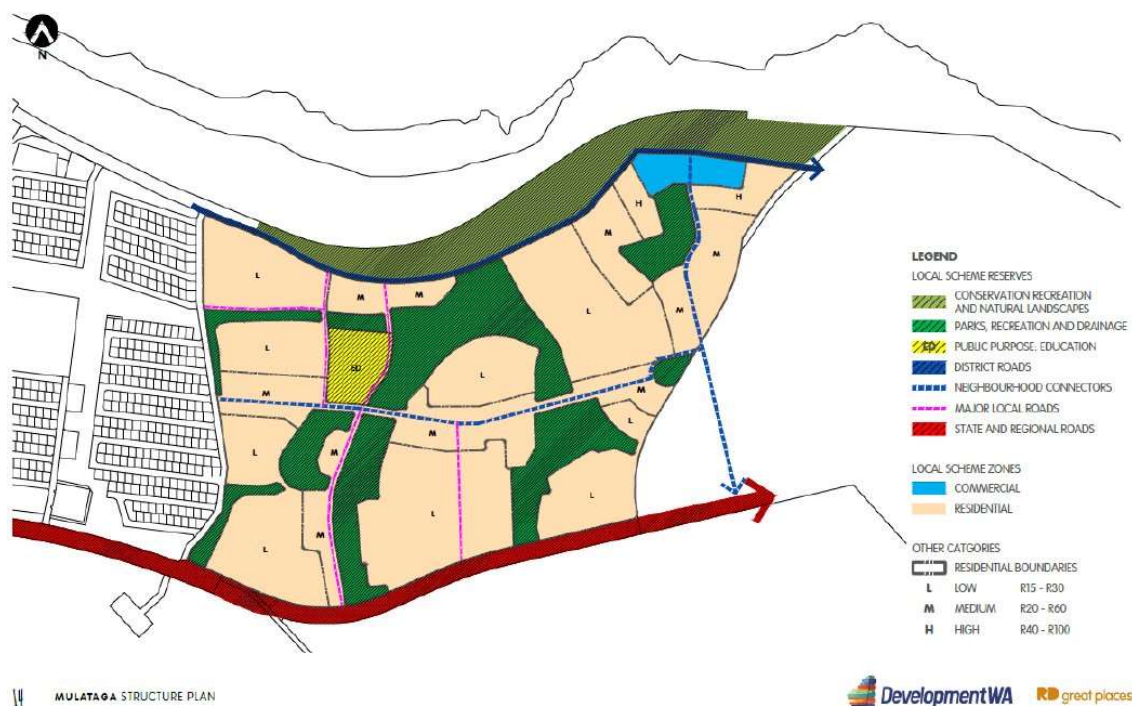
### 3.3. Maps and Plans

The below images highlight the greater Mulataga Structure Plan area and the Stage 1 subdivision plan on freehold Lot 501, the subject of this business plan.

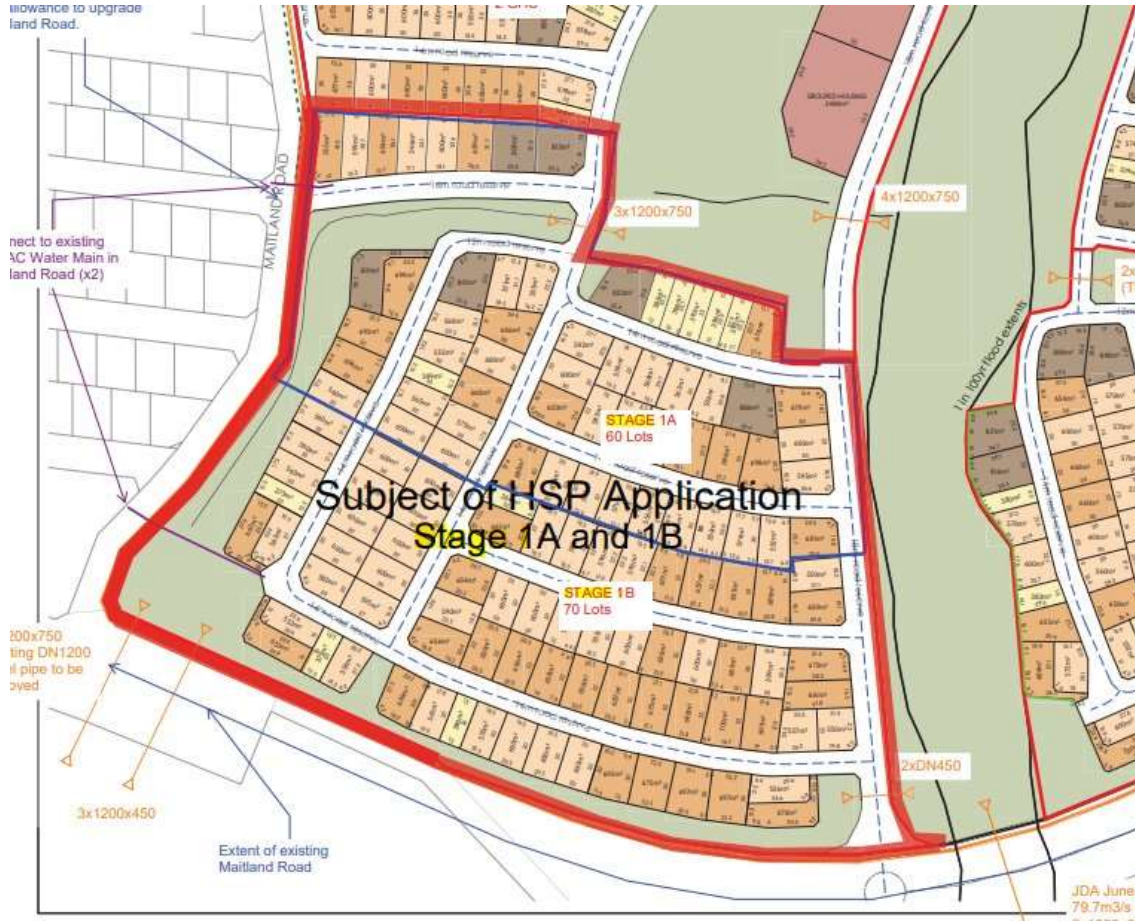
**Figure 1: Mulataga Structure Plan Area (Oct 2020)**



**Figure 2: Mulataga Structure Plan (Oct 2020)**



**Figure 3: Mulataga Stage 1 Subdivision Plan (Jan 2025)**



### 3.4. Statutory and Contractual Land Allocations

#### Department of Communities

The State Government's Social Housing Mix Policy, published in October 2021, mandates that DevWA residential projects include social housing. For developments with more than 30 dwellings, such as new land developments where most dwellings are expected to be detached homes (e.g., greenfield developments), the policy requires a ratio of at least one in seven (1:7) social housing dwellings. Therefore, if the minimum of 130 lots are developed, 18 lots must be allocated for social housing.

#### Murujuga Aboriginal Corporation

The Murujuga Aboriginal Corporation (MAC), representing the Traditional Owner groups, was established in 2006 as the body corporate for the Burrup and Maitland Industrial Estates Agreement (BMIEA). MAC oversees the implementation of the BMIEA, under which the Western Australian Government acquired native title rights and interests to secure the Burrup and Maitland industrial land in exchange for various benefits.

The Mulataga subdivision is subject to the BMIEA, which requires, under clause 6.6, the transfer of lots to MAC with an aggregate value exceeding 5% of the value of the developed lots. If the minimum of 130 lots are developed, MAC will be entitled to 7 lots. Alternatively, MAC may elect to receive cash in lieu of these lots.

### 3.5. Project Benefits

The Mulataga development aims to balance the distribution of new residential land across Karratha. While recent developments have primarily occurred to the west of the CBD, Mulataga's location to the east will restore equilibrium in the east-west population distribution relative to the CBD. This development will support population growth, accommodating more residents to bolster current and future economic development in the region.

A local park, covering approximately 4,680m<sup>2</sup>, will be developed as part of the project. Designed in accordance with the overarching landscape strategy, this park will cater to both active and passive recreation, featuring planned facilities such as lighting, a passive recreation/kick-about area, a drink fountain, rubbish bins, bike racks, a beach shower, art opportunities, and an active recreation/playground.

The key benefits of the Mulataga development include:

1. **Cultural Awareness and Inclusion:** The project emphasizes cultural awareness and inclusion by consulting and involving First Nations people in the design process.
2. **Land Benefits:** Through the Burrup and Maitland Industrial Estates Agreement, 5% of the developed land will be provided to First Nations people.
3. **Community Open Space:** The development will enhance community liveability by providing additional open spaces.
4. **Sustainable Design:** The project promotes sustainable design, including linkages to encourage active transportation.
5. **Climate Resilient Housing:** Housing designs will incorporate features to ensure climate resilience.
6. **Use of Recycled Materials:** The construction phase will prioritize the use of recycled materials.

## 4. Timeline

Advertise Business Plan	May-Jun 2025
Draft Development & Project Management Agreement	May-Jun 2025
Consider Public Submissions	Jun 2025 OCM
Execute Development & Project Management Agreement	Jul 2025
Detailed Design	Mid to Late 2025
Procurement/Contract Award	Mid to Late 2025
Construction Commencement	Late 2025
First Lots Marketed for Sale	Early to Mid 2026
Practical Completion	Mid to Late 2026

## 5. Legal Structures/Agreements

### Term Sheet

The City and DevWA have agreed a Term Sheet which identifies the strategic alignment, project definition, and project approach. It includes the need for:

- a) the City giving public notice of the proposed Major Land Transaction, considering any submissions in response to that notice and the City resolving to proceed with the development in accordance with section 3.59 of the *Local Government Act 1995*;
- b) execution of a Development Agreement by the parties; and
- c) execution of a Sales Agreement by the parties.

### Development and Project Management Agreement

If Council resolves to proceed with the project a Development and Project Management Agreement would be executed with DevWA outlining the rights and obligations of both parties in undertaking the development, including but not limited to:

- Permits, licenses and approvals where applicable
- Construction
- Project Management
- Development timeline and milestones
- Payment schedule
- Risk allocation and liability
- Variations
- Dispute resolution
- Completion and handover conditions
- Termination clauses
- Force majeure
- Confidentiality and non-disclosure
- Marketing plan
- Pricing methodology
- Application of sales proceeds to DevWA

## 6. Project Financials

### 6.1. Project Construction Costs

Under the proposal, DevWA would assume responsibility for all construction and project management costs associated with construction of the lots.

The budgeted construction cost for the project is circa \$48mil and consists of acquisition costs, professional fees, construction costs, landscaping and maintenance, fencing, statutory fees, project contingency, holding costs and interest costs.

As detailed design and procurement are yet to take place, a detailed breakdown of budgeted individual project cost items remains commercial in confidence.

Final costs for the project will be determined once final design and procurement has occurred.

The project is to be jointly funded by the City (utilising HSP funding) and DevWA. The DevWA contribution will be recovered through land sales at the conclusion of project construction works.

### 6.2. Cash Flows – City

The City's cash flows in relation to the proposal comprise only the receipt of the HSP grant funding and payment of project contributions to DevWA, which are included in the draft 2025/26 budget as follows:

	Q1	Q2	Q3	Q4
<b>Federal Funding Received</b>	\$15.5m	-	\$6.6m	-
<b>Indicative Project Contribution to DevWA</b>	(\$2.0m)	(\$3.0m)	(\$5.0m)	(\$12.1m)
<b>Balance of Funds in Reserve</b>	<b>\$13.5m</b>	<b>\$10.5m</b>	<b>\$12.1m</b>	-

The actual schedule of payments from the City to DevWA is subject to agreement between the parties and will be detailed in the Development and Project Management Agreement.

## 7. Risk Analysis

A risk analysis has been undertaken for the City's involvement in the proposal. The analysis has been undertaken using the risk matrix approach.

DevWA will conduct a separate risk analysis for their involvement in the proposal including overall project and construction risk prior to execution of any agreements or commencement of works.

The tables below indicate the rating scales that were used in the risk analysis.

### 7.1. Risk Assessment Framework

In accordance with Council Policy *CG01 Risk Management* the following Risk Criteria Tables have been used in assessing the City's involvement in the proposal.

#### RISK MATRIX

Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	5	5	10	15	20	25
Likely	4	4	8	12	16	20
Possible	3	3	6	9	12	15
Unlikely	2	2	4	6	8	10
Rare	1	1	2	3	4	5

#### RISK ACCEPTANCE CRITERIA

LEVEL OF RISK	DESCRIPTOR	DESCRIPTION	CRITERIA FOR RISK ACCEPTANCE	RESPONSIBILITY
1 – 4	LOW	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring.	Operational Manager
5 – 9	MODERATE	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring.	Operational Manager
10 – 16	HIGH	Urgent Attention Required	Management attention is required. Risk treatment plan is required to reduce risk exposure to an acceptable level. Regular reporting is required.	CEO / Director
17 – 25	EXTREME	Unacceptable	Urgent and active management required. Risk treatment plan must be implemented immediately to reduce risk exposure to an acceptable level. Regular reporting required.	CEO



## 7.2. Proposal Risk Analysis

A total of seven (7) potential risks have been identified with five (5) risks rated as moderate and two (2) risks rated high. No extreme risks have been identified. Mitigation strategies for all identified risks have been listed.

#	Item	Initial			Mitigation Strategies	Post Mitigation		
		Likeli-hood	Conse-quence	Rating		Likeli-hood	Conse-quence	Rating
Financial Risks								
1	Development costs exceed budget	4	3	12	The Development Agreement limits the City’s contribution to the HSP funding. Any cost overruns will be recovered through adjustment to the sales strategy and lot pricing.	4	1	4
2	Development does not generate forecast returns	3	3	9	Returns are based on lot sales values, supported by the HSP grant. Lots will be marketed at market value allowing flexibility in sales strategy to ensure sufficient revenues to cover project expenditure.	2	3	6
3	Civil Works contractor defaults during construction period	3	4	12	DevWA has extensive experience in Karratha and strong relationships with civil works contractors. Contract tenderers' viability will be rigorously assessed during the tender process.	2	4	8
Operational Risks								
4	Failure to meet delivery timeline	4	2	8	Given the forecast increase in demand, any delivery delays are not expected to impact overall sales. DevWA will assess contractor capacity during the tender process to manage timeline risks, aligning the delivery timeline with contractor capabilities.	3	2	6
5	Developed lots do not sell within forecast timeframe	3	2	6	DevWA has planned a 10-year period for selling the completed lots. The pricing methodology includes mechanisms to adjust prices based on market changes to maintain sales momentum.	3	2	6
Reputational Risks								
6	Council is perceived to be misusing ratepayers funds	4	2	8	All Council publications regarding the project, including the Business Plan, social media and responses to public submissions, will highlight that there are no ratepayer funds being utilised to deliver this project.	2	2	4
7	Housing is not a local government function	4	2	8	The Council has publicized its Housing EOI, highlighting the housing shortage and lack of commercial solutions. Increasing land supply is essential to the Council’s vision. All communications will emphasize that this project incurs no cost to ratepayers.	3	2	6

## 8. Council Financial Implications

The City's contribution to the proposed transaction is fully funded by the HSP grant allocation, and all cash flows are expected to be fully expended by the end of the 2025/26 financial year. As such there is no net cost to the City and there are no long-term financial implications.

This proposal is currently included within the City's Draft 2025/26 Annual Budget with cash flows outlined in section 6.2 and as follows:

	Q1	Q2	Q3	Q4
<b>Federal Funding Received</b>	\$15.5m	-	\$6.6m	-
<b>Indicative Project Contribution to DevWA</b>	(\$2.0m)	(\$3.0m)	(\$5.0m)	(\$12.1m)
<b>Balance of Funds in Reserve</b>	<b>\$13.5m</b>	<b>\$10.5m</b>	<b>\$12.1m</b>	-

## 9. Council Policy Implications

In accordance with Council Policy *CG-08 Significant Decision Making Policy*, this matter is considered to be of high significance as the proposal involves potential entry into partnership with the private sector to carry out a significant activity.

It is anticipated that the community consultation requirement of the policy will be met through the process of inviting public submissions regarding the business plan in accordance with *Local Government Act 1995* requirements.

Council Policy *CF-04 Investment Policy: Property* provides guidance on if and when Council will invest in Property. The adopted policy includes the following statements that are relevant to this matter:

*When making decisions to invest in Property related investments one or more of the following criteria needs to be satisfied:*

- vi. Council may invest in property to achieve key strategic goals of the Council that will deliver a broad-based benefit to the community without financial return being the key driver.*

The proposal is consistent with this policy provision.



## 10. Legislative Compliance

### 10.1. Local Government Act 1995 - Business Plans

Section 3.59 (2)(b) &(c) of the *Local Government Act 1995* (The Act) states:

*Before it —*

*(b) enters into a major land transaction; or*

*(c) enters into a land transaction that is preparatory to entry into a major land transaction, a local government is to prepare a business plan.*

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.*

In the City of Karratha's circumstances, the amount prescribed for a transaction to be considered a major land transaction is the lesser of \$10,000,000 or 10% of the operating expenditure incurred by the local government from its municipal fund in the last completed financial year. If progressed, the lease of land to Developed Consortium and subsequent debt facility for construction of residential apartment complexes would constitute a major land transaction.

#### **Specific Requirements**

Section 3.59(3) of the Act specifies explicit information that must be included in a Local Government Business Plan (as a minimum). While many items are addressed elsewhere within this Business Plan, for completeness, each legislated item is addressed specifically below:

#### **(a) The expected effect on the provision of facilities and services by the local government**

As the proposal transfers all construction responsibilities to DevWA and involves no capital outlay from the City, it is not anticipated that the development of the proposal will have any detrimental effect on the City's capacity to fund or provide any of the planned facilities and services in the current Long Term Financial Plan.

#### **(b) The expected effect on other persons providing facilities and services in the district.**

Currently the average weekly rental in Karratha is \$1,268pw with a rental vacancy rate of 0.5% - indicating a critical shortage of available housing for rent. Further, the City's Cumulative Impact Model indicates a shortage of 900 dwellings potentially growing to 2,000 over the next 5 years.

There were a total of 16 listings for vacant land within the Karratha LGA (reiwa.com) on 8 April 2025. Given the period to complete construction of Mulataga is 18 months, it is expected the release of additional lots will not have a significant impact on market values and therefore on those who currently wish to divest of vacant land holdings.

The primary contractors anticipated to provide large earthworks/civil services to the Mulataga project generally cater to large scale civil projects. Engagement of a civil works contractor is unlikely to impact the delivery of smaller residential works in the LGA.

**(c) The expected financial effect on the local government.**

If the project proceeds, the City will be required to account for receipt and expenditure of the \$22,111,000 HSP Grant. It is proposed that this is included in the 2025/26 Budget aligned to receipt of the HSP progress payments and payments to DevWA to plan and deliver the works.

The financial projections of the proposal are detailed in sections 6 and 8 of this Business Plan – including the impact of the proposal on the City’s cash reserve balances and key ratios.

**(d) The expected effect on matters referred to in the local government’s current plan prepared under Section 5.56 of the *Local Government Act 1995* (Plan for the Future)**

The development of residential Lots in Mulataga aligns to Council’s approved [Strategic Community Plan 2020-2030](#) and the [Corporate Business Plan 2020-2025](#). In particular, the [Operational Plan 2024-2025](#) provides for this activity:

Programs/Services:	2.c.1.2	Land Development and Management
Projects/Actions:	2.c.1.2.22.10	Advocate for release of subdivision stages in new residential estates (ie Mulataga).
Programs/Services:	2.a.1.1	Small and Medium Enterprise support
Projects/Actions:	2.a.1.1.20.2	Advocate for partnerships to increase housing and land supply.

Undertaking this proposed housing development will have the effect of enabling Council to achieve each of the goals listed above.

A copy of Council’s approved Strategic Community Plan 2020-2030, Corporate Business Plan 2020-2025 and Operational Plan 2024-2025 can be found at:

<https://karratha.wa.gov.au/council/plans-publications-and-policies/strategic-plans>

**(e) The ability of the local government to manage the undertaking or the performance of the transaction;**

The City has sufficient internal capacity to manage each element of the proposed transaction on a business-as-usual basis. The City frequently engages in the following actions that form part of the proposal:

- Construction project management
- Grant funding reporting and acquittal

**10.2. Local Government (*Functions and General*) Regulations 1996 - Business Plans**

Regulation 10 of the *Local Government (Functions and General) Regulations 1996* states that:

(1) *If a local government is required to prepare a business plan because of a major trading undertaking or major land transaction that it is to carry on or enter into jointly with another person —*

- (a) *the business plan is to include details of the whole undertaking or transaction, even though the local government is not the only joint venturer; and*
- (b) *the business plan is to include details of —*

- (i) the identity of each joint venturer other than the local government; and*
- (ii) the ownership of, and any other interests in, property that is involved in, or acquired in the course of, the joint venture; and*
- (iii) any benefit to which a joint venturer other than the local government may become entitled under or as a result of the joint venture; and*
- (iv) anything to which the local government may become liable under or as a result of the joint venture.*

### **Specific Requirements**

While many items are addressed elsewhere within this Business Plan, for completeness, each legislated item is addressed specifically below:

#### **(b)(i) the identity of each joint venturer other than the local government.**

While no legal joint venture entity is being created to facilitate the development, the proposed Major Land Transaction is being entered into with the following party:

DEVELOPMENTWA

Address: Mia Yellagonga Tower 2  
Level 7/5 Spring St  
Perth WA 6000

#### **(b)(ii) the ownership of, and any other interests in, property that is involved in, or acquired in the course of, the joint venture:**

The proposed Major Land Transaction potentially involves the City acquiring freehold title over Lot 501 Maitland Road, Mulataga during construction of the lots, however this is not the preferred course of action for either the City or DevWA.

Regardless of land tenure during construction works, the completed project will result in a minimum of 130 titled residential lots to be sold, with the balance of Lot 501 Maitland Road being retained in freehold by DevWA.

#### **(b)(iii) Any benefit to which a joint venturer other than the local government may become entitled under or as a result of the joint venture:**

DevWA will retain proceeds of sales to recoup their contribution. It is not anticipated there will be any surplus funds after sale of all lots. Following acquittal of this grant DevWA will undertake future stages in Mulataga subject to demand, business case approval and WA Government funding support.

DevWA will also receive a project management fee for their role in managing the development.

#### **(b)(iv) Anything to which the local government may become liable under or as a result of the joint venture:**

The City will be liable under the proposed Development and Project Management Agreement to contribute the HSP funding received towards the project. If the grant funds are not expended or acquitted correctly, the City may become liable to repay the grant funds to the Department. The maximum liability in this instance will be \$22.1mil.

### **10.3. Local Government Act 1995 - Disposal of Property**

Section 3.58 of the *Local Government Act 1995* states that:

- (2) *Except as stated in this section, a local government can only dispose of property to —*
  - (a) *the highest bidder at public auction; or*
  - (b) *the person who at public tender called by the local government makes what is, in the opinion of the local government, the most acceptable tender, whether or not it is the highest tender.*
- (3) *A local government can dispose of property other than under subsection (2) if, before agreeing to dispose of the property —*
  - (a) *it gives local public notice of the proposed disposition —*
    - (i) *describing the property concerned; and*
    - (ii) *giving details of the proposed disposition; and*
    - (iii) *inviting submissions to be made to the local government before a date to be specified in the notice, being a date not less than 2 weeks after the notice is first given;*
  - and*
  - (b) *it considers any submissions made to it before the date specified in the notice and, if its decision is made by the council or a committee, the decision and the reasons for it are recorded in the minutes of the meeting at which the decision was made.*

If Partnership Option A is undertaken in relation to land tenure, the freehold land and subsequent developed lots will remain under DevWA ownership, meaning s3.58 of the Act will not apply to the sales.

If Partnership Option B is undertaken in relation to land tenure the land will be marketed and sold by DevWA on behalf of the City, through private treaty, with the broad sales strategy and marketing of lots meeting the requirements of s3.58 of the Act for the purposes of disposal of this land. The interest in the balance of Lot 501 will not be beneficially held by the City and as such the provisions of s3.58 do not apply.

## **11. Summary**

The City of Karratha proposes a major land transaction in partnership with DevWA to address the critical housing shortage in the region. This initiative involves the development of a minimum of 130 residential lots on part of Lot 501 Maitland Road, Mulataga, supported by \$22.1 million in Housing Support Program (HSP) funding and DevWA contributions.

The project aims to provide diverse housing options, including social and affordable housing, and enhance community amenities. The development aligns with the City's Strategic Community Plan 2020-2030 and Corporate Business Plan 2020-2025, supporting economic growth and community well-being.

Key benefits include increased housing supply, improved affordability, and the creation of public open spaces. The project is structured to minimize financial risk to the City, with detailed agreements outlining responsibilities and financial arrangements.

The proposal complies with the *Local Government Act 1995* and involves public consultation to ensure community support. Given the current housing demand and the project's potential for high community benefit, the City seeks to proceed with detailed planning and execution.

# **APPENDIX A**

**OFFICIAL**



**Australian Government**

---

**Department of Infrastructure,  
Transport, Regional Development,  
Communications and the Arts**

Daniel Scott  
Mayor  
City of Karratha  
PO Box 219  
KARRATHA WA 6714

E. cr.scott@karratha.wa.gov.au  
Cc: simon.kot@karratha.wa.gov.au

24 April 2025

Dear Mayor

**Outcome of application – Housing Support Program Community Enabling Infrastructure Stream**

I am pleased to advise the following application has been approved for funding under the Community Enabling Infrastructure Stream of the Housing Support Program.

<b>Our ref</b>	<b>Project name</b>	<b>Project scope</b>	<b>AG Funding (\$) (GST exclusive)</b>	<b>Co contribution (\$) (GST exclusive)</b>	<b>Total project Cost (\$) (GST exclusive)</b>	<b>AG percentage of total cost</b>
CEI-1030	Mulataga, Karratha - land acquisition, lead-in works, infrastructure and open space for residential housing.	The purchase of 13 hectares of land from the Western Australian government and construction of enabling infrastructure to develop 130 residential lots.	\$22,111,000	\$1,000,000	\$23,111,000	95.67%

Note that project name and scope may have been amended for the purposes of the program.

Please note, this letter does not constitute a formal offer of funding. As the Australian Government is currently operating under caretaker conventions, the department will be in contact following the outcome of the federal election regarding the funding mechanism for this project.

**OFFICIAL**

**OFFICIAL**

We will also provide further advice on timeframes for delivery of projects at this time, noting the Program Guidelines state that projects must start no later than 31 January 2025 and that the Project Report (Default Payment Milestone 2) is required no later than 31 May 2025.

For any further information, or to seek feedback on your application, please email us at [PPDHousingSupportBranch@infrastructure.gov.au](mailto:PPDHousingSupportBranch@infrastructure.gov.au) and a member of the team will be in contact with you.

Thank you for your interest in the Housing Support Program and for taking the time to apply.

Regards

A handwritten signature in dark ink, appearing to read 'Erin Cassie', with a stylized flourish at the end.

**Erin Cassie**  
Assistant Secretary  
Cities and Suburbs Unit  
Partnerships and Projects Division

**OFFICIAL**

# **APPENDIX B**



Legend

- Stage 1 boundary
- Lot 501 Boundary
- A

Public open space
- Access Easement
- Drainage (Indicative)
- Drainage Swale (Indicative)
- Subdivision Area & Lot Boundary
- Indicative Future Lot Boundary

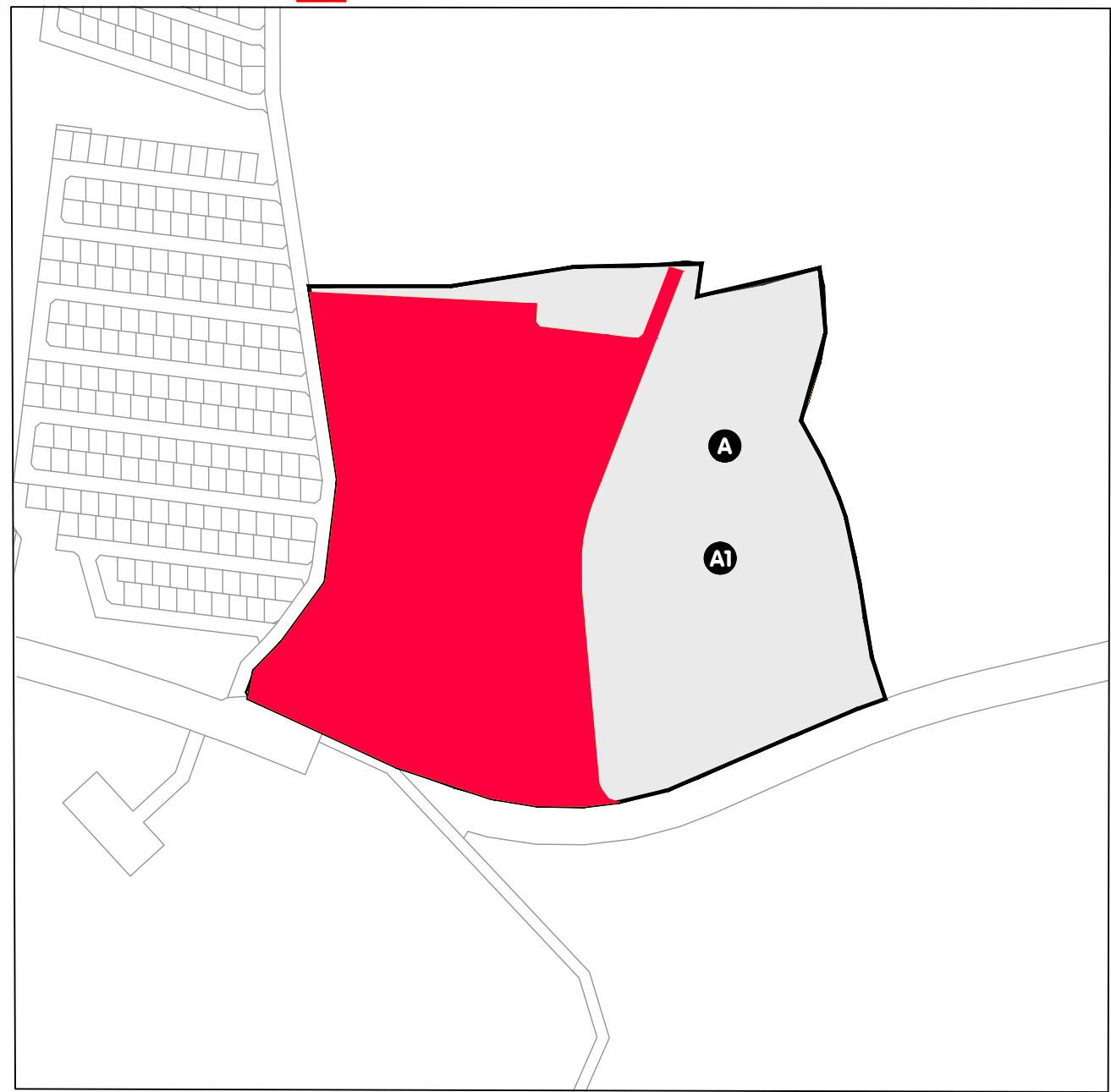
TX Triplex

	EXISTING LOT 501
A	44.6732
	BALANCE LOT 501
A	21.0459

AMENDED LAND USE/DEVELOPMENT		
Zone	Lot Size	No. of Lots
Residential	320m <sup>2</sup> -449m <sup>2</sup>	17
Residential	550m <sup>2</sup> -599m <sup>2</sup>	82
Residential	600m <sup>2</sup> -699m <sup>2</sup>	90
Residential	800m <sup>2</sup> -899m <sup>2</sup>	8
Residential	3000m <sup>2</sup> -3999m <sup>2</sup>	2
Other (Balance)	10ha-25ha	1
TOTAL		200

YIELD TABLE	
Existing Lots	1
Proposed Lots	
Residential	199
Balance of Title	1
TOTAL	200
POS	4

LOCATION PLAN - EXISTING LOTS PROPOSED SUBDIVISION AREA



CADASTRAL INFORMATION  
SOURCE: LANDGATE  
YYMMDD: NA  
DWG REF: NA  
PROJECTION: GDA94 MGA50  
  
AERIAL PHOTOGRAPHY  
SOURCE: NEARMAP  
YYMMDD: 210509

HATCH

SIZE A2 1:2500  
0 metres 25 50 75 100 125

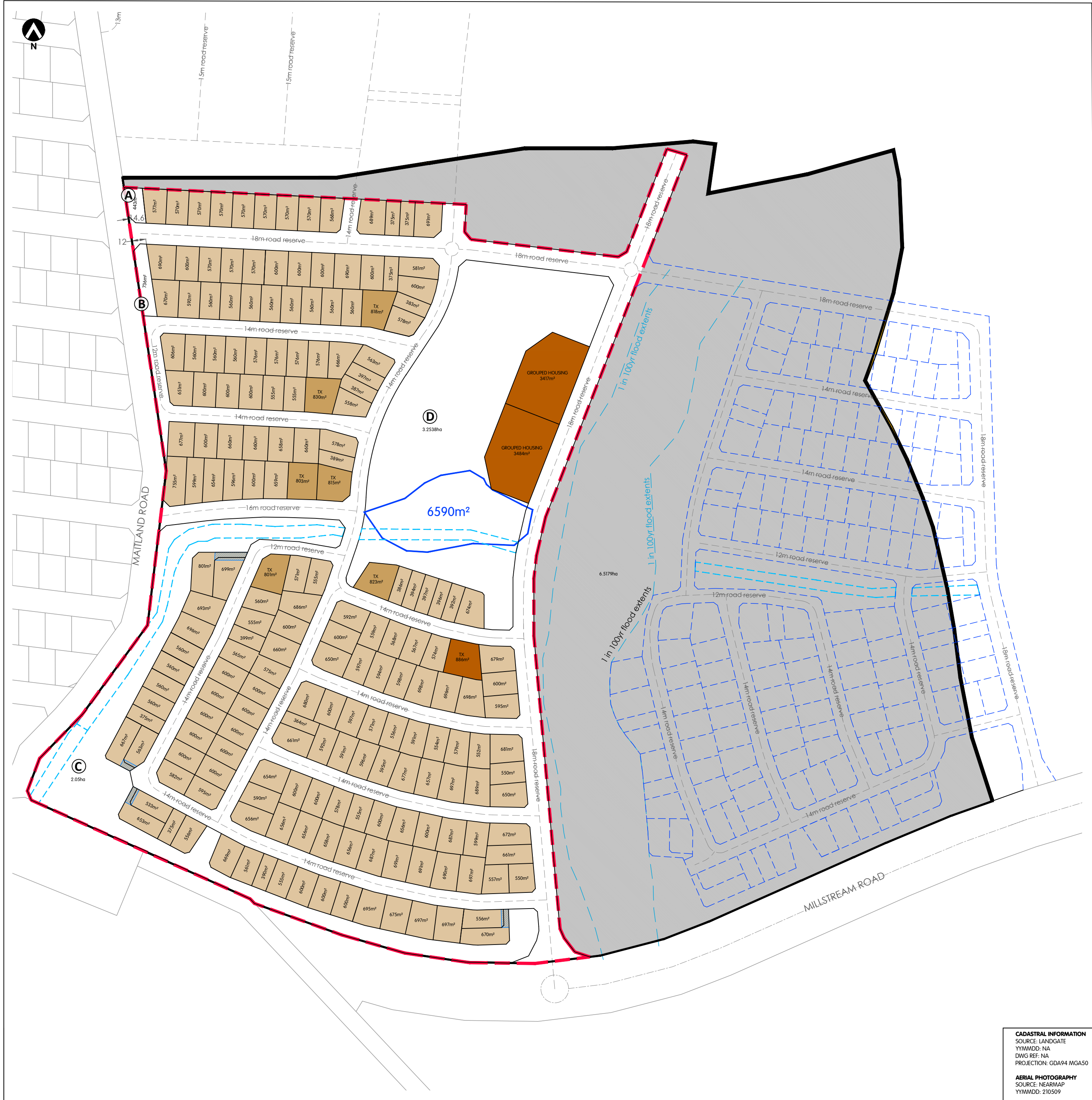
M	UPDATE SUBDIVISION AREA	240826	FGH	DC
L	DRAINAGE AREAS	231122	TG	FGH
K	TX SITES, EASEMENTS	231109	TD	FGH
J	MOD LOTS	220616	TG	DC
I	MODS REQ BY PETER.C	220505	TG	DRAFT
H	INTERNAL LOTS ADDED	220503	TG/SB	DRAFT
G	UPDATE AS PER SKETCH	220411	SB	PC
REV	DESCRIPTION	YYMMDD	DRAWN	APPRD

STAGE 1 - SUBDIVISION PLAN  
Mulataga, Karratha  
City of Karratha

JOB CODE DOC.TYPE DRAW NO. REV.  
H-366488 DWG 001 M

DISCLAIMER: ISSUED FOR DESIGN INTENT ONLY. ALL AREAS AND DIMENSIONS ARE SUBJECT TO DETAIL DESIGN AND SURVEY





Legend

- Stage 1 boundary
- Lot 501 Boundary
- Public open space
- Access Easement
- Drainage (Indicative)
- Drainage Swale (Indicative)
- Subdivision Area & Lot Boundary
- Indicative Future Lot Boundary

TX Triplex

EXISTING LOT 501
44.6732
BALANCE LOT 501
21.0459

Density Range

- R40
- R30
- R20

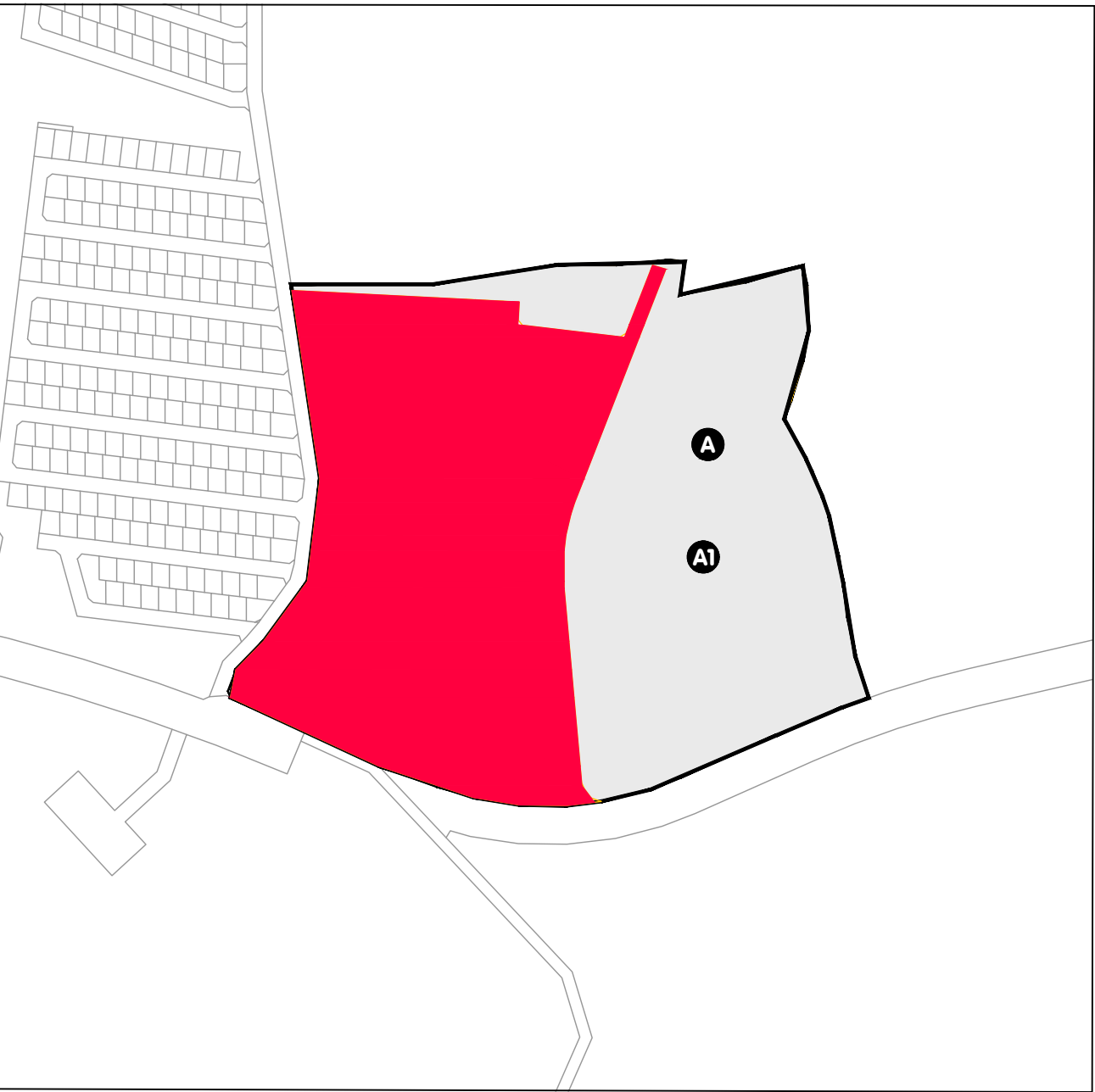
AMENDED LAND USE/DEVELOPMENT

Zone	Lot Size	No. of Lots
Residential	320m²-449m²	17
Residential	550m²-599m²	82
Residential	600m²-699m²	90
Residential	800m²-899m²	8
Residential	3000m²-3999m²	2
Other (Balance)	10ha-25ha	1
<b>TOTAL</b>		<b>200</b>

YIELD TABLE

Existing Lots	1
Proposed Lots	
Residential	199
Balance of Title	1
<b>TOTAL</b>	<b>200</b>
POS	4

LOCATION PLAN - EXISTING LOTS PROPOSED SUBDIVISION AREA



CADASTRAL INFORMATION  
SOURCE: LANDGATE  
YYMMDD: NA  
DWG REF: NA  
PROJECTION: GDA94 MGA50

AERIAL PHOTOGRAPHY  
SOURCE: NEARMAP  
YYMMDD: 210509

HATCH

SIZE A2 1:2500



REV	DESCRIPTION	DATE	DRAWN	APPRD	JOB CODE	DOC TYPE	DRAW NO.	REV.
A	UPDATE AS PER SUB PLAN	24/09/23	FGH	DC	H-366488	DWG	002	A

STAGE 1 - DENSITY PLAN  
Mulataga, Karratha  
City of Karratha

DISCLAIMER: ISSUED FOR DESIGN INTENT ONLY. ALL AREAS AND DIMENSIONS ARE SUBJECT TO DETAIL DESIGN AND SURVEY